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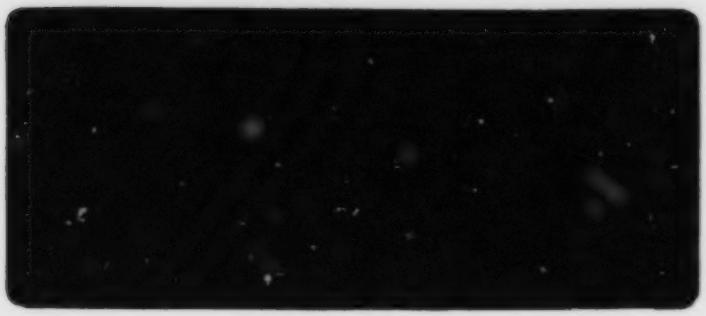

New Nouveau Brunswick

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Final Evaluation of the Canada/New Brunswick Subsidiary Agreement on Industrial Development (1985-1990)

Job No. 1389

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Executive Summary

This report presents the result of an evaluation of the Canada/New Brunswick Subsidiary Agreement on Industrial Development (1985-1990).

Objectives of the Agreement

The Agreement had as its overall objective: "to strengthen, expand and diversify the industrial base within the Province of New Brunswick." The Agreement had three goals:

- improve the climate for industrial development
- expand and diversify the economy; and
- increase domestic and foreign market penetration of New Brunswick products.

Scope of the Evaluation

The scope of this evaluation was identified as:

- What were the actual impacts versus the expected impacts?
- How well was the Agreement implemented?
- Determine the need to negotiate a new agreement, define which programs should be included, and how a new agreement is to be organized and operated.

The methodology primarily consisted of four tasks: key informant interviews; telephone survey of applicants; review of files, reports and documents; and a survey conducted by project officers. This methodology was designed to address the three points listed above.

Key Findings

The Agreement came into being at a time when the provincial economy was recovering from a prolonged recession. A growing economy and increased cash flow no doubt helped to attract interested business people to Agreement programs.

The Agreement was intended to strengthen, expand and diversify the New Brunswick industrial base and by and large the consensus is that it has done so. The Province's industrial infrastructure has improved in terms of its attractiveness to new businesses. An international presence has been established and interest among business immigrants appears strong. New Brunswick businesses have experienced increased employment and revenue. The general consensus is that the Agreement is at least partially responsible for all these improvements.

Not only has the Agreement contributed to improvements in the economy and the province's industrial base, it has done so with a well implemented Agreement. During the evaluation it was often heard, from staff, that application processing was too slow and that payment processing was cumbersome and likewise too slow. These concerns were not shared by the vast majority of clients who took part in our surveys. In fact, the Agreement received very high marks from all groups surveyed, including clients who were rejected.

What Were The Actual Impacts vs The Expected Impacts

The objectives of the Agreement are very broad and the focus of the evaluation will be to analyze whether Agreement activities have been generally consistent with the overall objectives.

Progress has been made toward objectives achievement but the extent of progress has been more dramatic for some program objectives than others.

- There has been very good progress toward the objective of improving the climate for industrial development and the province has benefited from business growth and new start-ups.

- There has been some progress, although less than in the previous case, toward the objective of expanding the economy, and less again toward diversification.

- There has been moderate progress toward the objective of increasing domestic and foreign market penetration. The Market Planning and Implementation sub-program has been reasonably successful, however its efforts have focused on the domestic market. The Foreign Certification of Products and Educative Measures in International Marketing sub-programs were to address the foreign market aspects, however, they have had virtually no impact on the Province's international market position.

Indirect Impacts

Indirectly, the Agreement has had employment and income benefits. The capital invested for the expansion and development of industrial parks has undoubtedly created additional employment or maintained employment in the construction trades. As well, funds expended under the Planning and Analysis sub-program and the Market Planning and Implementation sub-program have increased the revenues and employment of business service companies such as consultants, engineers, advertising agencies, printers, etc.

Employment Growth

Some of the Agreement's sub-programs were expected to result in the creation of employment and this has, in fact, occurred. Recipients of funding from these programs have indicated a significant proportion of the credit is due to the funding received. There are two sub-programs (Business Plans and Records and Market

Planning and Implementation) which were not expected to result in any perceptible employment growth. In fact, these two sub-programs are estimated to have created over one-half of all the direct jobs created by the Agreement.

Growth in Sales

The Agreement contributed to the growth in revenue for its clients in a similar fashion to increasing employment.

Productivity Enhancement

Sales increases have not kept pace with employment increases. Consequently, clients of the Agreement appear to have lowered their productivity. This is consistent for all relevant sub-programs. One possible explanation is that many of the participating companies are quite small, and adding only a small number to their staff has a negative impact on their productivity in the short term. The staff levels that now exist may be sufficient for significantly higher levels of sales and productivity should be enhanced in the long-term.

Stimulation of Corporate Growth

Funding provided by the Agreement is viewed by most clients as a significant factor effecting both sales and employment growth. In addition, clients consider the Agreement to have made a meaningful contribution to their growth and ability to diversify.

Effectiveness in Meeting Sub-Program Objectives

Of all the sub-programs, only two were considered to have fallen short of their objectives. These two sub-programs were Manufacturing Licence Incentives and

Foreign Certification of Products. These two sub-programs experienced very limited take-up and consequently have had only a marginal impact on the achievement of objectives.

The following sub-programs could be made more effective with certain alterations:

- **Infrastructure Investments** - standards for sites chosen for development should be set such that the costs of development are reduced.

- **Business Internship** - Higher funding levels would have allowed applicants to attract more senior and professional staff, thereby increasing the benefit which accrued to applicant companies.

- **Business Plans and Records** - Sub-program effectiveness would have been enhanced had computer hardware been eligible for assistance.

- **Industrial Prospecting** - Studies in support of prospecting efforts must be done in a timely manner. The application procedure should be revisited with a view to making them acceptable to all concerned.

Take-Up Of Funds

Most sub-programs, as measured by take-up, have been effective in meeting their objectives and assisting in the meeting of the Agreement's objectives. The exceptions to this are the Manufacturing License Incentives, Foreign Certification of Products, and Selected Service Incentives sub-programs which have been less effective.

On-going Effects of Public Sector Activities

Public sector activities represent a large proportion of total Agreement expenditures. Sub-programs such as Fundamental Infrastructure, and Industrial Prospecting have

had the most significant short term impacts. The Planning and Analysis sub-program provides a necessary vehicle for performing much of the required study activity for which the Department does not have the expertise. At the same time other sub-programs have also had positive impacts by increasing awareness and interest.

How Well Was The Agreement Implemented?

Sub-program delivery has been very effective and a high level of clients are very satisfied. While possibilities for improvements have been noted by applicants, they would enhance the Agreement rather than significantly restructure it.

- Confusion over application procedures was evident. In particular, the procedures to approve studies were not well understood resulting in an over complicating of the process and wasted time. There is a need to train staff on relevant Agreement procedures to eliminate this confusion.

- Project application processing could be improved. Project approvals for private sector sub-programs required an average of 102.8 days, rejections time required 104.5 days, and an average of 118.8 days was required from receipt of an application until an offer letter is sent. A fundamental problem is a lack of understanding by project officers of the information required for project evaluation. Applications are frequently incomplete and project approval cannot be given. Better communication between Coordinating Committee and delivery staff at the outset of the Agreement and on an on-going basis should mitigate this problem and improve turnaround time on project approval.

- The lack of post project data and virtual absence of Annual Monitoring Reports are symptomatic of a lack of understanding of the value of these reports and the information therein, in managing the Agreement. It is impossible to say what positive changes might have occurred had these reports been properly utilized, but it is possible that sub-programs such as Manufacturing License Incentives and

Foreign Certification of Products would have been better promoted, understood, and used.

There is a general lack of follow-up and interest in how clients are progressing with their projects. Once a client has received his/her money there is little or no future contact. More after care is needed.

- Opportunities existed for the involvement in program delivery of other federal agencies such as the Federal Business Development Bank, Canada Employment and Immigration and Industry, Science and Technology Canada. More promotion of the Agreement and training for project officers would have led to a much more extensive field delivery force.

Conclusions

- The Agreement has had a positive impact on its clients and has contributed to improving the New Brunswick economy. Employment and sales increased and the skill levels and capabilities of clients appear to have been enhanced.

- Public sector projects and programs have enhanced the provincial industrial infrastructure and should yield benefits in the future. Immediate benefits have been identified in some instances, but long-term benefits are expected to be greater.

- Implementation was viewed by Department staff to have been cumbersome, time consuming, and not responsive to client needs. However, clients were very satisfied with delivery.

- Some sub-programs have become redundant with the emergence of the Atlantic Canada Opportunities Agency. Any future agreement should not duplicate the efforts of ACOA but rather should complement its efforts and programs.

- Low awareness of procedures by staff has hindered approval turnaround time on some sub-programs.

- There was limited monitoring of results.

- The Agreement has, for the most part, met the needs of industry and has been well implemented. A major factor affecting the future of this Agreement is the emergence of ACOA and the comprehensive funding programs it now offers. This change has made redundant many of the Agreement's client related activities and has increased the need for good coordination with these other funding sources.

- The implementation of a subsequent agreement will differ from the current one in several essential ways, these are:

    - Total volume of applications will be significantly less. The discontinued sub-programs represented the vast majority of applications;
    - The volume and timing of payment processing will be less of an issue;
    - Promotion of the programs will be more critical because fewer programs for business will mean less activity and less "word of mouth" promotion;
    - Awareness of other funding programs will be increasingly critical to meeting client needs.

Recommendations

#1 There should be a new agreement to continue the thrusts of the current Agreement. The new agreement should not duplicate these programs which ACOA has taken over from the Agreement.

#2 The new agreement should focus on the strategic positioning of the industrial base of the province. Specifically, the focus of a subsequent agreement should have the following characteristics:

- *International Marketing* - continued emphasis on expanding is critical to the province's growth.
- *Opportunity Identification* - locating and assessing potential opportunities is a critical component to a New Brunswick focused Agreement. Efforts should be proactive as well as reactive. In other words the program should not be restricted to the evaluation of identified opportunities - but expanded to help identify potential opportunities. Opportunity assessments should be relatively small scale studies with only projects that have a reasonable chance of success being studied.
- *Industrial Prospecting* - fundamental to the strategic positioning of the province's industrial base is an effective prospecting effort. Past experience shows that on-going efforts such as the Hamburg office yield positive results. These types of efforts should continue along with the prospecting of specific opportunities, identified from studies or otherwise.
- *Selected Service Incentives* - The service sector represents a critical component of N.B.'s industrial base and is not well addressed through existing agencies or programs. This program should be enhanced.

#3 A new agreement should include a Strategic Investment Program. This is consistent with the need for positioning of the industrial base by providing investment assistance to strategic industries.

#4 Infrastructure investments should continue to be made.

#5 Staff should develop a comprehensive source of funding information.

#6 There needs to be a more extensive review of the operations of the Centres established under the Educative Measures in International Marketing.

#7 More staff training on the Agreement is needed.

#8 Some improvements are required in the promotion of sub-programs.

#9 The new programs should coordinate with other funding programs.

#10 Implement a more effective system for project monitoring.

1 Introduction

1.1 Background

This report presents the results of an evaluation of the Canada/New Brunswick Subsidiary Agreement on Industrial Development that was signed on December 9, 1985. The purpose is to evaluate actual impacts versus expected impacts and to assess the implementation of the Subsidiary Agreement. Throughout the report, the Subsidiary Agreement will be referred to simply as the "Agreement".

The objectives of the Agreement were to "strengthen, expand and diversify the industrial base within the Province of New Brunswick."

These objective were to be linked to the overall Economic Regional Development Agreement (ERDA) objectives which aim to:

- stimulate a faster rate of growth;
- lessen the vulnerability of the New Brunswick economy to international and national cyclical downtrends; and
- maximize each region's contributions to the province's economy.

Specific goals of the Agreement were to:

- improve the climate for industrial development;
- expand and diversify the economy; and
- increase domestic and foreign market penetration of New Brunswick products.

Funding for the Agreement's activities has been provided by the Province of New Brunswick and the federal Atlantic Canada Opportunities Agency (ACOA). (Prior to the creation of ACOA the Department of Regional Industrial Expansion was the

responsible federal agency.) The provincial Department of Commerce and Technology was the implementing department.

The original estimated budgets and sources of funds for the programs are stated below:

Cost-Sharing for the Canada/New Brunswick
Subsidiary Agreement on Industrial Development
(Budgeted Cost $ millions)

Programs	Federal	Provincial	Total
1. Development Climate and Industrial Support	11.83	5.07	16.90
2. Industrial Diversification	5.60	2.40	8.00
3. Market and Trade Development	3.57	1.53	5.10
	21.00 (70%)	9.00 (30%)	30.00 (100%)

During the implementation of the Agreement, an additional $2 million was allocated to the Industrial Diversification program.

1.2 Evaluation Scope

The scope of the evaluation is identified in the terms of reference:

1. What were the actual impacts versus the expected impacts?

   - Review and comment on the Agreement's objectives.
   - Using the established evaluation framework, evaluate to what degree the three main objectives of the Agreement were reached.
   - Evaluate each sub-program and determine the degree to which each contributed to the preset objectives.

- Analyze the level of assistance in each sub-program and the amounts allocated to each program.
- Summarize what has been accomplished and the degree of achievement.
- Determine what, if any, future impacts should be the focus of a new Agreement.

2. How well was the Agreement implemented?

- Review the Procedures Manual.
- Review and comment on the Committee structures.
- Review and comment on project approval turnaround times.
- Evaluate the two principal types of monitoring reports: annual monitoring reports and follow-up monitoring of results.
- Comment on the role of each government in the implementation.
- Review and comment on the degree of client satisfaction.
- Summarize main observations and make recommendations to improve Agreement management.

3. Determine the need to negotiate a new agreement, define which programs should be included and how a new agreement is to be organized and operated.

1.3 Methodology

The methodology primarily consisted of four tasks: key informant interviews; telephone survey of applicants; review of files, reports and documents; and a survey conducted by project officers.

1.3.1 Data Assessment

As a preliminary step, the project team conducted a comprehensive assessment of the available data based on the suggested data sources and methodologies outlined in the evaluation framework. The results of this assessment were documented in a report presented to the steering committee. The Assessment report contained comments on the availability of data to address the evaluation issues and made recommendations about alternative approaches.

This data assessment report, in conjunction with the evaluation framework developed at the outset of the Agreement, has served as the guide for conducting the evaluation.

1.3.2 Key Informant Interviews

Interviews were conducted with Federal and Provincial staff responsible for and involved with the implementation and management of the Agreement. As well, interviews were conducted with representatives of Regional Economic Development Commissions, ACOA regional staff, and industrial associations. A total of 42 interviews were conducted. Some interviews focused on specific aspects of the Agreement while others were broader in scope. Appendix A is a list of the key informants interviewed.

1.3.3 Telephone Survey of Applicants

A survey of private sector applicants, both approved and not approved, was conducted. The surveys were mailed in advance to clients and their responses recorded by a telephone survey. The programs and number of participants are listed below:

	Sub-Program	Number of Respondents
1.4.2	Business Internship	20
1.4.3	Business Plans and Records	27
2.3	Manufacturing License Incentives	2
2.4	Selected Service Incentives	9
3.1	Market Planning and Implementation	38

The purpose of this survey was to ascertain the impacts and effects of the Agreement, to assess its implementation and to measure client satisfaction with the implementation. In addition, the survey probed awareness of the Agreement's programs. The questionnaires were designed for each sub-program. Appendix B presents a summary of the questions and responses.

1.3.4 Review of documentation

The following documentation was reviewed:

- Evaluation Framework
- Procedures Manual
- promotional literature
- Annual Monitoring Reports and annual work plans
- draft Internal Evaluation of the Selected Service Operations program
- the Price Waterhouse study of the Economic Development Commissions entitled "New Brunswick Regional Economic Development Commissions: An Evaluation and Recommendations for Future Regional Development Efforts".

1.3.5 Department Survey

A survey was conducted by the Department of Commerce and Technology project officers responsible for the delivery of certain sub-programs. The purpose of this survey was to retroactively fill some of the data gaps from the evaluation framework. The surveys were conducted for the following sub-programs with the identified number of respondents:

Sub Programs	Number of Respondents
• Business Internship	42
• Manufacturing Licence Incentives	3
• Service Sector Incentives	9
• Market Planning and Implementation	63

1.4 Organization Of This Report

This report contains five chapters. This current chapter represents Chapter 1: Introduction. Chapter 2: Overview of the Agreement, provides some descriptive information about the Agreement and some general observations. Chapter 3: What Were the Actual Impacts versus the Expected Impacts? presents our findings about the impacts of the Agreement and addresses the specific issues. Chapter 4: How well was the Agreement Implemented? presents our findings about the implementation of the Agreement. Chapter 5: Conclusions and Recommendations, consists of our overall conclusions about the Agreement, as well as specific conclusions about the various sub-programs. Recommendations about the future focus of another Agreement, as well as how to implement this Agreement are provided.

2 Overview of the Agreement

This chapter will provide some general comments about the Agreement, review the actual and planned expenditures and present and review the program logic model.

2.1 General Comments About The Agreement

The Agreement came into being at a time when the provincial economy was recovering from a prolonged recession. A growing economy and increased cash flow no doubt helped to attract interested business people to Agreement programs.

The Agreement was intended to strengthen, expand and diversify the New Brunswick industrial base and by and large the consensus is that it has done so. The Province's industrial infrastructure has improved in terms of its attractiveness to new businesses. An international presence has been established and interest among business immigrants appears strong. New Brunswick businesses have experienced increased employment and revenue. The general consensus is that the Agreement is at least partially responsible for all these improvements.

Not only has the Agreement contributed improvements in the economy and the province's industrial base, it has done so with a well implemented Agreement. During the evaluation it was often heard, from staff, that application processing was too slow and that payment processing was cumbersome and likewise too slow. These concerns were not shared by the vast majority of clients who took part in our surveys. In fact, the Agreement received very high marks from all groups surveyed, including clients who were rejected.

The overall conclusion is that the Agreement has been a success both from the point of view of the impact it has had and from the point of view of client satisfaction with implementation.

2.2 Emergence of ACOA

When the Agreement was first conceived and put in place, it represented the only source for many of its programs. During the third year, ACOA was established. This agency through its Action Program now offers most of the programs which the Agreement provided to private sector clients. Obviously, the emergence of ACOA plays a significant part in the structure of a future agreement and this hasbeen considered in this evaluation.

2.3 Agreement Expenditures

Exhibit 1 shows the expenditures, actual and planned for the Agreement. The budget figures include the additional $2 million allocation to the Industrial Diversification Program.

Exhibit 1 - Budget and Planned Expenditures

Program	Budget	Annual Expenditures as at March 31/90	% of Program Budget	Planned Expenditures for the Balance of the Agreement	Planned Expenditures to End of Agreement
Development Climate and Industrial Support	16,900,000	15,261,334	90.3	2,698,324	17,959,658
Industrial Diversification	10,000,000	6,612,252	66.1	2,651,700	9,263,952
Market and Trade Development	5,100,000	3,988,375	78.2	770,115	4,758,490
TOTAL	32,000,000	25,861,961	80.8	6,120,139	31,982,100

The complete budget of $32 million had been committed by the end of the approval period March 31, 1990. Since that time some projects have not proceeded and the associated planned expenditures have been liberated. The Planned Expenditures to the end of the Agreement as stated in this exhibit take into consideration these liberated funds. It is probable that during the remaining life of the Agreement additional projects will not proceed and additional funding will be liberated.

2.4 Program Logic Model

Exhibit 2 presents the Program Logic model for the Agreement.

Exhibit 2 - Program Logic Model

Programs	1. Development Climate and Industrial Support 2. Industrial Diversification 3. Market and Trade Development
Activities	• funding of opportunity assessment studies • funding the development of strategic plans for the regional commissions • hiring staff to deliver and administer the Agreement • promoting the Agreement • funding the regional commissions • expanding the infrastructure of industrial parks • establishing a computer system network for the regional commissions • funding clients to hire personnel to increase their management and technical capabilities • funding clients to develop business plans and purchase record keeping software • funding the production of entrepreneurial videos • initiating and sponsoring the development of plans for small businesses by students • funding industrial prospecting activities • funding the establishment, renovation or expansion of strategically important businesses • funding the licensing of new products or manufacturing technology • funding the establishment, expansion or modernization of service sector companies • funding clients to develop and implement marketing plans • funding clients to have their products certified for foreign markets • funding the provision of management and technical training • funding the establishment of centres for international marketing
Outcomes	• increased employment and sales revenue • improved industrial park facilities • 2 strategic businesses established, 1 modernized and 1 expanded • high level of business immigrant activity • greater depth of management and technical capability • good opportunities identified and prospected • increased marketing activity
Intended Effects	• improve the climate for industrial development • expand and diversify the economy • increase domestic and foreign market penetration of New Brunswick products
Ultimate Effects	• meeting ERDA objectives • strengthening, expanding and diversifying the industrial base within the Province of New Brunswick

Reviewing the program logic model reveals a consistency between the activities and the intended effects. One intended effect that has not been well addressed is diversifying the economy. The activities undertaken have focused on assisting existing companies and products. The efforts of the Strategic Investment and Manufacturing Licence Incentives sub-programs were the main instruments for diversifying the economy. Very little activity was evident for the Manufacturing Licence Incentives sub-program and only two strategic investment projects resulted in new companies in industries new to New Brunswick.

The outcomes of the Activities of the Agreement are consistent with the intended effects and are also consistent with the ultimate effects as identified. Further analysis of the objectives and the extent of achievement follows in the next chapter.

3 What Were The Actual Impacts vs. The Expected Impacts?

This chapter assesses the impacts and effects of the Agreement. We review the Agreement objectives, and use the suggested indicators in the evaluation framework to measure the achievement of these objectives. We also evaluate the extent to which each sub-program contributed to the preset objectives.

3.1 Agreement Objectives

Exhibit 3 lists the objectives for the Agreement. These include the general objective, the program objectives and the specific objectives.

The objectives of the Agreement are very broad. It is, thus, inappropriate if not impossible, to specifically determine whether the objectives have been met. The focus of the evaluation will be to analyze whether Agreement activities have been generally consistent with the overall objectives.

A review of this exhibit reveals three primary objectives supported by a series of activities aimed at moving the province's industries and economy toward the attainment of the objectives. The design of the Agreement and composition of the supporting activities make it possible to attain or progress toward attaining the program objectives and the overall objective without extensive activity in all sub-programs. There is no indication of the priority attached to the objectives, or the need to concentrate effort to address one more than others. Therefore, even though some of the activities were given limited attention, progress toward the overall objective has been made.

Exhibit 3 - Objectives of The Agreement

Agreement Objectives	Program Objectives	Specific Objectives
To strengthen, expand and diversify the industrial base in New Brunswick	To improve the climate for industrial development by:	Removing impediments to development through the selective provision of industrial infrastructure and industrial support measures
		Assisting Regional Economic Development Commission to improve effectiveness
		Undertaking sectoral and regional studies aimed at the removal of constraints to development and the identification of opportunities for industrial growth and diversification within New Brunswick
		Strengthening the human resource performance and capacity in technical and managerial positions within New Brunswick industries
	Expand and diversify the economy by:	Enhancing the industrial prospecting process
		Assisting in the establishment of strategically important industries and stimulating new and expanded product lines within New Brunswick's manufacturing and processing sector
		Stimulating the establishment, expansion and modernization of selected service industries
	Increase domestic and foreign market penetration of New Brunswick products by:	Improving the support for the development of export marketing expertise
		Assisting in the development and implementation of marketing plans and/or strategies
		Strengthening the private sector role, information and support systems
		Improving the accessibility of federal, provincial and private sector support programs, services and expertise

While in general we have indicated that progress has been made toward objective achievement, the extent of progress has not been as dramatic for some program objectives as others.

Improving The Climate For Industrial Development

The objective of improving the climate for industrial development has experienced a relative abundance of activity and the progress appears to be excellent. Progress toward the attainment of this objective has been made:

- the Business Internship sub-program has been successful in placing additional skilled technical and managerial persons into industry; and,
- the Fundamental Infrastructure sub-program has improved the attractiveness of the province's industrial parks.

More work is still needed if the objective is to be achieved:

- regional and sectoral studies are needed to identify opportunities for growth and diversification;
- efforts to place skilled technical and managerial persons in industry must continue; and,
- development of industrial parks must be focused and continuing.

Expanding and Diversifying The Economy

The objective of expanding and diversifying the economy was less successful. In particular, the aspect of diversification is more deficient. Much of the success evident from industrial prospecting efforts is in industries such as agriculture, tourism and

other traditional New Brunswick industries. There is the potential for success in non-traditional industries, but very little concrete advancements have occurred. Much of the progress that has been made relative to this objective is attributable to the Strategic Investment sub-program. Some of this program's assistance has been directed to new companies in non-traditional industries. The Manufacturing License Incentives sub-program could have made a contribution to diversifying the economy by introducing new products and processes - its very limited activity virtually erased its potential.

The Selected Service Incentives sub-program has had limited take-up and this has hindered progress. More importantly, the revision of the definition for export or import replacement, from outside of Canada to outside New Brunswick, has exposed the Agreement to the potential of having assisted New Brunswick companies at the expense of other Canadian companies. In fact, the types of assistance offered, while theoretically to enable firms to complete for markets outside New Brunswick are being used to help firms to compete against local firms for local work. In other words, although the stated intention is to make a company stronger in light of opportunities to export or replace imports, the same capability can be applied to the New Brunswick market and can provide an unfair advantage for one local firm versus another.

Increasing Domestic and Foreign Market Penetration

The last objective of increasing domestic and foreign market penetration of New Brunswick products has experienced only a moderate a level of achievement. While the Market Planning and Implementation sub-program has addressed the domestic market, the primary efforts designed to address foreign market penetration - Educative Measures in International Market and Foreign Certification of Products have yet to make a noticeable contribution to enhancing New Brunswick's international market position.

3.2 Achievement of Objectives

This section of the report will assess the achievement of objectives relative to the evaluation framework indicators:

- Employment growth
- Growth in sales
- Productivity enhancement
- Stimulation of corporate growth
- Effectiveness of Program Delivery
- Effectiveness in Meeting Sub-Program objectives
- Take-up of Funds
- On-going effects of public sector initiatives.

Indirect Impacts

An integral part of the impact of the Agreement does not fit within the context of the evaluation indicators. The Agreement has injected 32 million dollars into the New Brunswick economy, and inevitably, some incremental employment must have been created. The evaluation of the Agreement relative to employment growth is concerned only with the employment growth of companies receiving funding. While this employment growth is a fundamental reason for undertaking economic development, additional economic benefits have accrued. Specifically, the capital invested for the expansion and development of industrial parks has undoubtedly created additional employment or maintained employment in the construction trades. As well, funds expended under the Planning and Analysis sub-program and the Market Planning and Implementation sub-program have had a positive impact on the revenues and employment of business service companies such as consultants, engineers, advertising agencies, printers, etc. The important point is that the Agreement has had positive impacts beyond the scope of the companies who directly received funding. While it is not the role of this evaluation to determine these "indirect impacts" it is nevertheless important that they be recognized.

Calculating Employment and Sales Growth

Information pertaining to the employment and sales revenue characteristics of approved applicants was obtained from our telephone survey. Additionally, these applicants were asked to rank the importance of several factors in terms of its impact on employment and sales growth. The following procedure was used to estimate employment and sales growth and to attribute a portion of these increases to the Agreement.

1. Actual employment and sales figures were provided by survey participants.

2. Actual survey figures were extrapolated to reflect total increases for all sub-program participants.

3. The proportion attributable to the Agreement was calculated using the participants' ranking of the importance of Agreement funding. This proportion is equal to the proportion of responses placing Agreement funding as the most important factor for increases. As an example, the respondents from the Market Planning and Implementation sub-program provided 32 number one importance rankings. Of this total, 14 or 43.8% were for Agreement funding. Therefore, we have attributed this proportion of increases to the Agreement and determined the actual number it represents.

Employment Growth

The exact figures indicated are subject to wide variation. The intent in presenting the figures is to reflect an order of magnitude increase and show a trend.

By Sub-Program:

- **Business Internship** - In total, 174 projects were approved. The Agreement partly funded the salaries of all 174 interns hired through this sub-program and

can, therefore, be said to be directly responsible for creating most of these positions. The survey indicated 80% of program participants would not have hired these interns without funding and, therefore, the Agreement can be considered to be responsible for the creation of 139 jobs that would not otherwise exist. As of the date of the survey, we estimate that 128 of the original 174 positions have been maintained, and the indication from the survey was that employers have been convinced enough of the benefits of having these employees that they will probably stay on as permanent positions.

Almost all firms who hired interns had other increases in employment as well. We estimate that 587 additional jobs (including 175 intern positions) were created in firms using the intern program. This is additional to an initial base of 936 jobs, and represents an increase of over 60%. It cannot be assumed that job creation is solely the result of the Agreement, as firms told us that most employment and sales increases resulted from normal annual increases.

The Agreement is attributed with 27.8% of the indirect job increases. Consequently, an estimated 115 jobs have been created in addition to the intern positions. In total, this sub-program is attributed with creating 115 direct positions and 139 intern positions.

- **Business Plans and Records** - The funding, provided for projects under this sub-program, was not expected to yield directly measurable economic benefits. However, companies participating in this sub-program had increased employment in the year following funding which we estimate to represent 445 jobs. Normal increases are viewed as being the predominant factor affecting sales and employment growth. The sub-program is only attributed with creating 12% of these jobs or 53 jobs.

- **Selected Service Incentives** - The figures for employment and sales for this sub-program have been derived from the survey conducted by the Department of

Commerce and Technology staff. Employment figures were only provided as at the date of application and for current levels. The figures are not directly comparable with those for the other sub-programs, but the trend is still valid.

Employment for sub-program participants is estimated to have grown from 97 jobs to 265 jobs, a net increase of 168 jobs. Our survey indicates 12.5% of these jobs, or 21 jobs are attributable to the Agreement.

- **Market Planning and Implementation** - The participants in the Market Planning and Implementation sub-program have experienced job creation totalling 696 jobs on an existing base of 3268 jobs. Interestingly, while many Commerce and Technology staff involved in implementation did not consider this program to have contributed significantly to sales and employment growth, this is not the view of sub-program participants. In fact, 43.8% of the survey participants considered the Agreement to be the primary factor influencing employment and sales growth. Attributed to this sub-program is a total of 304 jobs which were created in these companies during the first year after the project commenced. Continued employment increases for subsequent years are also related at least partially to the sub-program. The conclusion is that the funding received from this sub-program has in fact made a significant impact on companies' employment growth.

- **Strategic Investment** - The methodology for calculating employment impact for this sub-program varied from the previous sub-programs. This sub-program funded a few large projects. Job creation or maintenance is attributed to the Agreement based on the proportion of Agreement funding to the total capital invested. The funding received by participants in this program was often only a small component of the overall capitalization. To date, the projects under this program have yielded the following results:
    - 150 jobs have been created with an additional 90 jobs expected to be created shortly
    - 237 jobs have been maintained

- one company has been able to remain in operation for longer than otherwise would have been the case - thereby maintaining jobs.

In all cases, while the funding received from the Agreement represents only a fraction of the total capital requirements, it nevertheless has been a crucial part.

If Agreement funding is considered in proportion to all funding, then the following results are attributable to it:

- 25 jobs created or to be created
- 24 jobs maintained

Funding from the Agreement is frequently referred to by our key informants as a "deal closer", and, as such, its relative impact on employment creation and maintenance increases.

Exhibit 4 is a summary table of the employment growth of Agreement clients.

Growth in Sales

The Agreement contributed to the growth in revenue for its clients in a similar fashion to increasing employment. Based on the results of our survey the following results are evident for some of the sub-programs.

- **Business Internship** - Participants in this sub-program noted an increase in their sales volume of 9.3%. As with employment growth, much of this increase is attributable to normal sales growth. A portion of the sales increase can be, however, attributed to funding received from the Agreement.

- **Business Plans and Records** - Because of the nature of the projects funded under this sub-program, it is not deemed to have impacted sales revenue. Any increase that would be noted for clients of this sub-program would be related to other factors.

Exhibit 4 - Summary of Employment Growth

Sub-Program	Jobs Created[1]	Proportion Attributable to the Agreement	Jobs Attributable to the Agreement
Business Internship	174 direct 413 indirect	80.0% 27.8%	139 115
Business Plans and Records	445	12.0%	53
Selected Service Incentives	168	12.5%	21
Market Planning and Implementation	696	43.8%	304
Strategic Investment	240 created 237 maint.	—	24 created 25 maint.
Total	2136 created 237 maint.	30.7% 10.5%	656 created 25 maint.

[1]Based on an extrapolation of telephone survey results for Business Internship, Business Plans and Records and Market Planning and Implementation sub-programs. Based on Commerce and Technology Survey for Selected Service Incentives with proportion from the telephone survey. The Strategic Investment figures are based on a review of relevant files.

- **Market Planning and Implementation** - The activities funded under this sub-program are designed specifically to increase sales revenue. Therefore, it is logical that this group would experience revenue increases. According to the survey of clients, first year sales increases of 11.6% which were experienced are largely attributable to the sub-program.

Productivity Enhancement

The evaluation framework defines productivity as sales revenue per employee. This measure was to be calculated from data for all relevant projects for which funding was provided. Such data is not available.

The previous two evaluation indicators, sales revenue and employment, form the basis for the measurement of productivity. As was stated in the discussion of those indicators, the precise figures are subject to wide variation. However, for purposes of a qualitative assessment of productivity they are acceptable. Exhibit 5 summarizes the sales and employment indicators and assesses productivity.

Exhibit 5 - Summary of Sales, Employment and Productivity

Sub-Program	Employment	Sales	Productivity Comments
Business Internship	Significant increases	Slight increases	Employment growth has been faster than sales growth, therefore, actual productivity has decreased. This may change as longer term benefits become evident
Business Plans and Records	Good increases	Not measured	The focus of this sub-program was to provide better information to assist in decision making. This type of activity should enhance productivity.
Selected Service Incentives	Good increases		Sales data is not available and consequently it was not possible to measure productivity.
Market Planning and Implementation	Slight increases	Slight increases	The experience of sales and employment growth suggests that companies are less productive. Further sales increases may accrue from past efforts. Companies should be more attuned to the importance of marketing. Benefits may be more long-term.
Strategic Investment	Productivity measurement was not possible for two projects as they resulted in two new companies. One project was to renovate and build a new facility for a company - the purpose of which was to make it more productive. The fourth project does not appear to be appropriate for measurement.		

Sales increases have not kept pace with employment increases. Consequently, clients of the Agreement have experienced declining productivity. This is consistent for all relevant sub-programs. One possible explanation is that many of the participating companies are quite small, and adding only a small number to their staff has a significant impact on their overall employment. To increase revenue to keep pace is often difficult for these smaller companies. The staff levels that now exist may be sufficient for significantly higher levels of sales - such that productivity can in fact be enhanced.

Stimulation of Corporate Growth

According to the survey of approved applicants the Agreement has had a significant impact on corporate growth. Clients were asked to rank a list of factors in terms of their particular relationship to increases in sales and/or employment. For most, normal annual increases was the most important. For 28.2% of clients the most important factor was the funding received from the Agreement. Exhibit 6 summarizes the responses for all clients.

Exhibit 6 - Most Important Factor Affecting Sales and Employment Increases

Factors Affecting Sales and Employment Increases	Percentage
Normal Annual Increase	43.5%
Agreement Funding	28.2%
Other Government Funding	5.9%
Other Private Funding	4.7%
Other	17.6%
Total Responses	**85 (100%)**

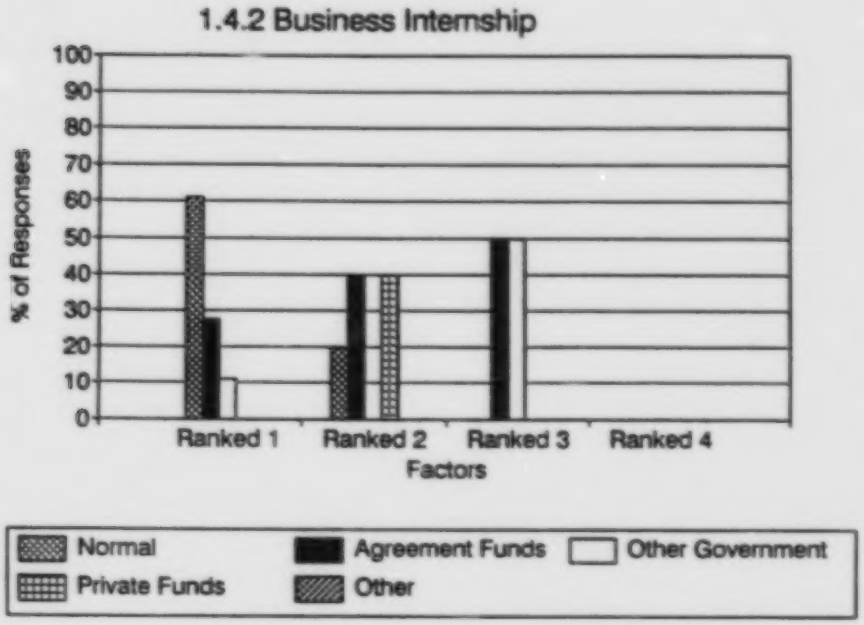
While this exhibit shows that normal increases in business volumes was viewed to be the most significant factor affecting sales or employment increases, Agreement funding received 28.2% of all number 1 rankings, placing it as the second most frequently noted primary cause of increases.

Exhibit 7 shows the rankings of the various factors for each sub-program.

This exhibit clearly indicates that significant variances exist between the different sub-programs of the Agreement in terms of the relevance of Agreement funding in increasing sales and/or employment.

The Market Planning and Implementation sub-program has the greatest frequency of responses for Agreement funding as the number one factor related to increased sales and/or employment, while all other sub-programs ranked Agreement funding lower. Overall, Agreement funding is viewed to be a significant factor affecting sales and/or employment increases.

Exhibit 7 - Ranking of Factors by Sub-Program



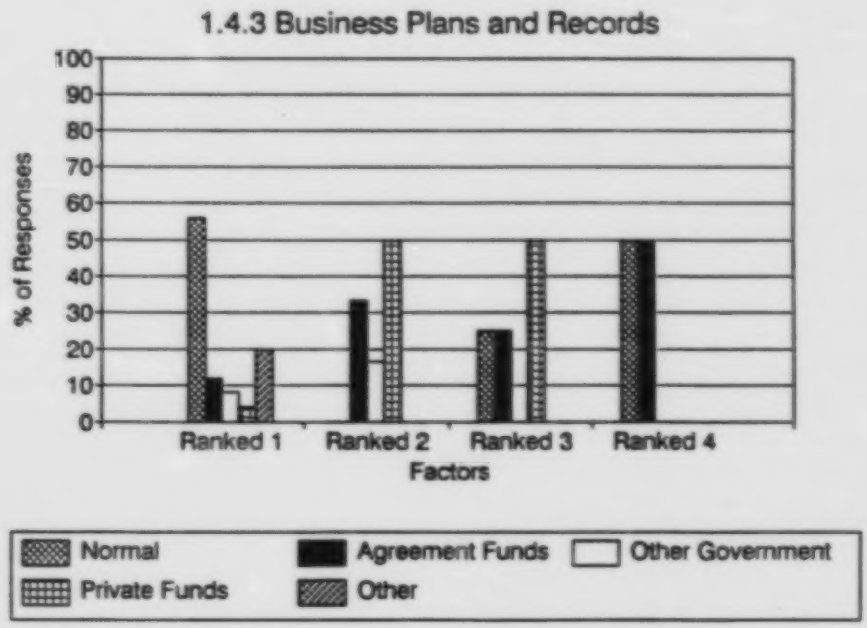
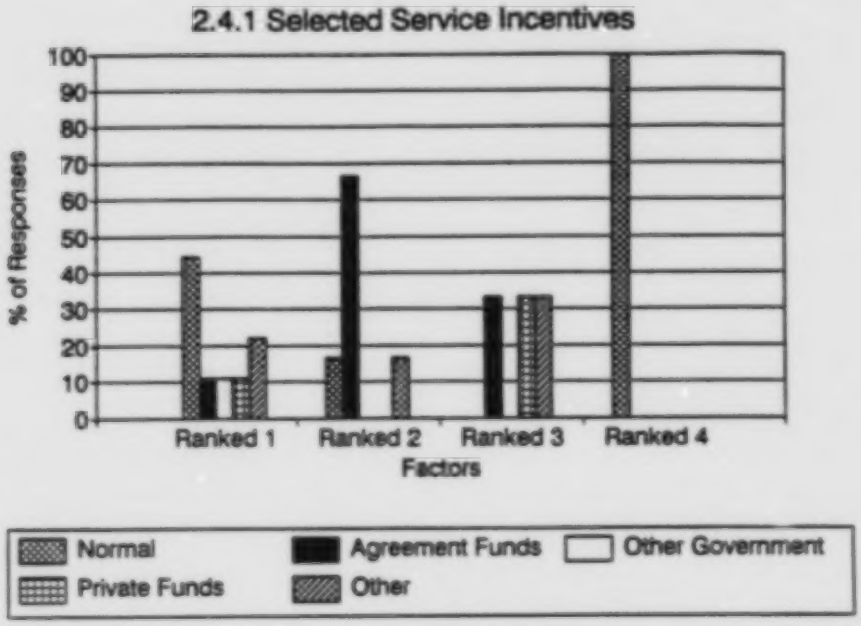
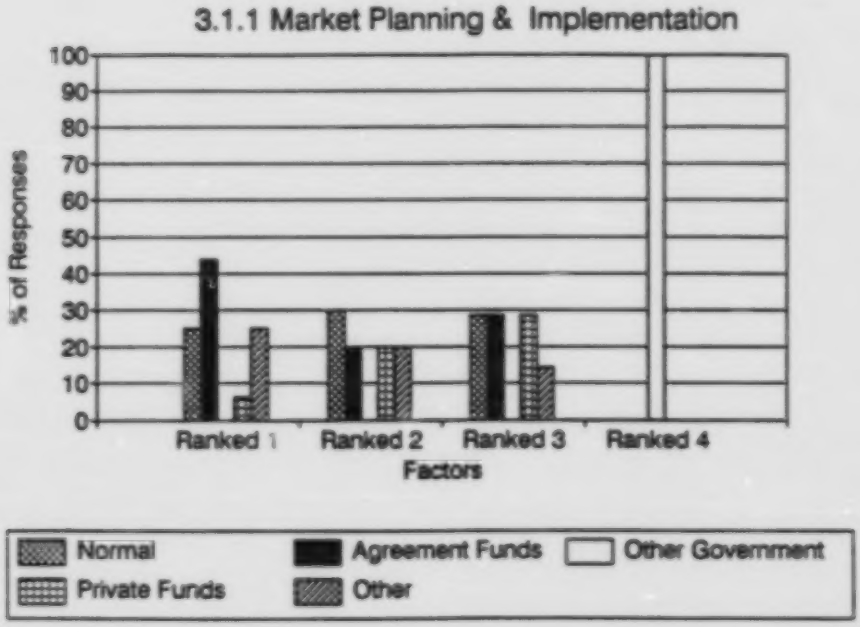


Exhibit 7 - Ranking of Factors by Sub-Program (Cont'd)





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Applicants to three sub-programs - Market Planning and Implementation, Selected Service Operations and Manufacturing Licences Incentives - were asked to assess the "meaningfulness" of the financial assistance in terms of its contribution to the company's growth or ability to diversify. Of the 44 responses received the following is a breakdown of their responses:

Contribution of the Agreement to their growth and ability to diversify	%
Very Meaningful	34.0
Meaningful	40.9
Somewhat Meaningful	20.5
Moderately Meaningful	2.3
Not Meaningful	2.3

These statistics indicate that the vast majority (74.9%) of approved applicants for these three sub-programs consider the Agreement to have made a meaningful contribution to their growth or ability to diversify. Clearly these results reflect very positively on the impact of the Agreement.

Effectiveness of Program Delivery

The suggested measures for evaluating the effectiveness of program delivery all present very positive feedback on the delivery of programs. A dichotomy appears to exist between departmental staff and clients. While the staff consider application and payment processing to be too slow and unresponsive to industry's needs, the responses from clients indicate very high levels of satisfaction for both application and payment processing. Thus, efforts to improve these processes, while they may result in some improvements to customer satisfaction, would primarily be for improved efficiencies and staff satisfaction.

Exhibit 8 presents some statistics which are relevant to the effectiveness of program delivery.

The level of satisfaction noted for rejected applicants was lower on all survey questions than for approved applicants. Nevertheless the level of satisfaction is generally high.

Exhibit 8 - Client Satisfaction Indicators

	Approved Applicants	Rejected Applicants
Considered the program to have been clearly explained	93.1%	73.9%
Considered application processing time to be satisfactory	83.3%	60.7%
Considered payment processing time to be satisfactory	86.3%	N/A
Stated had been treated in a courteous manner by Commerce and Technology staff	98.9%	96.4%
Felt the quantity of information was reasonable	96.9%	93.1%
Reported an understanding of funding guidelines for sub-programs other than the one for which they had applied	76.0%	N/A
Felt that the particular sub-program they applied for met their needs	98.0%	N/A

Another important consideration in delivery effectiveness is the appropriateness of eligibility criteria and funding guidelines. Following are some relevant statistics arising out of the telephone survey:

- For approved applicants -
  - 85.3% considered maximum funding guidelines to be appropriate
  - 90.5% considered cost-sharing levels to be appropriate

- For rejected applicants -
  - 95.8% considered eligibility guidelines to be appropriate.

These statistics indicate a high level of satisfaction with the design of implementation guidelines. As well, even among rejected applicants, there is a high level of satisfaction with the eligibility guidelines.

These guidelines represent two of the most important factors for providing clients with an incentive to undertake development related activity. The high rating on these guidelines suggests that they were appropriate to attract activity. They also reflect the fact that they were well designed to meet industry needs. This is confirmed by the fact that 98% of approved applicants felt that the particular sub-program they applied for was meeting their needs.

Clients were also asked to rate their overall satisfaction with the delivery of the Agreement. The responses to this question are presented in Exhibit 9. Evident is a high level of overall satisfaction with the delivery of the Agreement for all applicants. Little variation was noted between sub-programs.

Exhibit 9 - Level of Satisfaction with Overall Delivery

	SUB-PROGRAM FOR WHICH CLIENT RECEIVED FUNDING					
	Total	**Business Internship**	**Business Plans and Records**	**Selected Service Incentives**	**Manufacturing Licence Incentives**	**Market Planning and Implementation**
Extremely Satisfied	23.1%	25%	25.9%		50.0	24.3%
Very Satisfied	46.3%	60%	44.4%	44.4%		43.2%
Satisfied	25.2%	15%	29.6%	55.6%		21.6%
Minor Improvement	3.2%				50.0%	5.4%
Improved Delivery	1.1%					2.7%
Not Satisfied	1.1%					2.7%
Total	100%	100%	99.9%	100%	100.0%	99.9%
Number of Respondents	95	20	27	9	2	37

- 69.4% - are extremely satisfied or very satisfied
- 94.6% - are satisfied or better

Applied Management Consultants

Another important factor to be assessed in evaluating the effectiveness of program delivery is the awareness of sub-programs by potential applicants. All applicants were asked to indicate their awareness of various sub-programs. Exhibit 10 indicates applicants' awareness of sub-programs for which they were not being surveyed.

This exhibit shows that the sub-programs with the highest levels of awareness tended also to be those sub-programs which had received the most applications. The Manufacturing Licence Incentives sub-program had a high level of awareness yet low volume of take-up which may be a reflection of the specific nature of this sub-program. Our survey indicated two sub-programs had lower levels of awareness; Selected Service Incentives and Foreign Certification of Products. In the case of Selected Service Incentives, this low level of awareness is reasonable given that the eligibility criteria were quite narrow involving only service sector businesses. In fact, given the composition of the clients surveyed and the rate of awareness indicated, the level of awareness can be considered to be quite good. In the case of the Foreign Certification of Products the low level of awareness is consistent with the fact that this sub-program was not actively promoted.

Exhibit 10 - Client Awareness of Available Sub-Programs
By Sub-Program They Used

AVAILABLE SUB-PROGRAMS	SUB-PROGRAM USED					
	Business Internship	Business Plans and Records	Selected Service Incentives	Manufacturing Licence Incentives	Market Planning and Implementation	Total
Business Internship		48%	25%	0%	24%	37%
Business Plans and Records	35%		50%	0%	24%	34%
Selected Service Incentives	15%	15%		0%	21%	17%
Foreign Certification of Products	25%	26%	25%	0%	8%	18%
Manufacturing Licence Incentives	40%	44%	38%		34%	37%
Market Planning and Implementation	60%	44%	63%	50%		53%
Total Respondents	20	27	8	2	38	95

Applied Management Consultants

Even though, overall, Agreement participants are satisfied with delivery of the Agreement and with the guidelines of the Agreement, many consider that the Agreement could be improved. Exhibit 11 is a summary of the responses received to the question of whether the sub-program could be improved:

Exhibit 11 - Can Sub-Program Be Improved?

Could the sub-program be improved?	Applicants						
	Business Internship	Business plans and records	Selected service	Market planning and implementation	Manufacturing Licence Incentive	All Approved applicants	Rejected applicants
Yes	40%	56%	25%	51%	50%	48%	62%
No	60%	44%	75%	49%	50%	52%	38%

This exhibit shows consistently, that a high percentage of applicants (both approved and rejected) feel that the sub-program can still be improved. The following is a summary of the points for improvement. A comprehensive listing is included in the survey summary in Appendix B. These points related primarily to application processing and Agreement promotion but also included other delivery and funding issues.

- Application Processing

  "Speedier response to application."

  "Approval and length of time for payments. Too much paperwork. In general everything is too long."

  "Evaluation should be faster."

- Agreement Promotion

  "Better promotion of sponsorship. We had to contact Commerce and Technology to see if funding was available or we would not have known."

"Better promotion."

"A clear written outline of programs, both this program and others."

- Other Issues

"The government should help find the right person for the program (Business Internship), it is not necessarily someone with a university education.

"Eligibility for funding should be restricted to small businesses only."

Previously, it was noted that a high percentage of those surveyed indicated that the processing time of applications was satisfactory, nevertheless, application processing time was frequently noted as a matter to be improved. One conclusion is that while application processing time is viewed as satisfactory, some clients would like to see it enhanced.

Overall, the conclusion is that sub-program delivery has been very effective and that a high level of client satisfaction is evident amongst both approved and rejected applicants. While possible improvements have been noted by applicants, they are aimed at enhancing the Agreement rather than significantly restructuring it.

Effectiveness in Meeting Sub-Program Objectives

The original intention of the evaluation framework was that this indicator should be monitored on an on-going basis through the annual monitoring reports. This procedure was not pursued to any significant extent. Consequently, this became a focus of the key informant interviews which were conducted. The comments received on the effectiveness of sub-programs were provided by various key informants, some of which were more closely associated with particular sub-programs. For the most part, the key informants were only willing to comment on sub-programs with which they were very familiar. The comments provided included a general assessment of the sub-program relative to the objectives as well as suggestions for how it can better

meet its objectives. Previously in this chapter we discussed the Agreement, the program and the sub-program objectives. The sub-program objectives are, in effect, specific activities which work toward the attainment of the program and ultimately the Agreement objectives.

Of all the sub-programs only two were considered to have fallen short of their objectives. These two sub-programs were Manufacturing Licence Incentives and Foreign Certification of Products. These two sub-programs experienced very limited take-up and consequently have had only a marginal impact on the achievement of objectives.

It is viewed, that a number of the sub-programs could have been more effective had certain alterations been made:

- **Infrastructure Investments** - standards for sites chosen for development should be set such that the costs of development are reduced. Some sites are viewed to have been less than ideal and, as a consequence development costs were high. The result is that more resources were required to complete the necessary development work. Future development efforts should focus on assisting the development of the most viable sites.

- **Business Internship** - by and large, this sub-program was both popular and successful. Key informants indicated that movement toward objectives achievement would have been more apparent if funding levels were higher. Higher funding levels would have allowed applicants to attract more senior and professional staff, thereby increasing the benefit which accrued to applicant companies. Data for this Agreement shows that of the 183 projects that were approved, there were 33 that were at the maximum level of assistance. This suggests that for most clients the funding level was sufficient. Additional data to confirm or refute this point can be obtained from the ACOA Action Program Marketing Development Element which assists in paying the salaries for

marketing personnel at higher funding levels. This data was not available for this evaluation and should be collected to assess the need to increase funding levels.

- **Business Plans and Records** - key informants indicated that this sub-program would have been more effective had computer hardware also been eligible for assistance. In the initial stages of the Agreement manufacturers and processors who were clients of this sub-program could apply for funding for their computer hardware purchases via the Small Industry Financial Assistance Program (SIFAP). With the creation of ACOA's Action Program the SIFAP program was wound down in early 1988. Under the Action Program only computer hardware which is to be used for manufacturing (not management information) purposes is eligible.

- **Industrial Prospecting** - to be most effective, studies that are performed relative to specific prospecting efforts must be carried out in a timely manner. The time between commencement of the proposal process and start of the study appears to be too lengthy. The application procedures appear to be quite straightforward, yet there is an apparent lack of awareness or lack of willingness on the part of the staff to follow the procedures. The application procedures should be revisited with a view to making them acceptable to all concerned. Once established, responsible staff and newly hired staff should be made aware of the "proper" procedures to insure a minimum of processing time and to enhance responsiveness.

With the exception of the few adjustments outlined above and the limited activity of the Manufacturing Licence Incentive and Foreign Certification of Products sub-programs, the Agreement's sub-programs are deemed to have met their respective objectives.

Take-up of Funds

The evaluation framework suggests that a simple way to measure the effectiveness of the Agreement in meeting its objectives is to examine the level of activity of sub-programs. Exhibit 12 shows the level of activity for each private sector sub-program.

Exhibit 12 - Sub-Program Take-Up*

Sub-Program	Number of Applications **	Number of Approved Projects***	Number of Rejected Projects
Business Internship	316	177	64
Business Plans and Records	215	142	22
Manufacturing License Incentive	11	4	1
Selective Service Incentives	35	20	11
Market Planning and Implementation	315	221	38
Foreign Certification of Products	8	1	2

*The balance of project applicants not reported as Approved or Rejected projects are classified as follows - transferred to ACOA, cancelled, closed, ongoing, in receivership, withdrawn, declined (offer), or transferred to Innovation Sub-Agreement

**As of November 20, 1990

***Approved projects includes projects which are classified as completed, approved, accepted or for which a letter of offer is outstanding

Reviewing this exhibit confirms the previous statement that all sub-programs with the exception of Manufacturing Licence Incentives and Foreign Certification of Products have been well received and utilized. In addition to these two sub-programs, the Selected Service Incentives sub-program has experienced take-up primarily from consulting firms with very limited activity evident from other service sector industries. It is not clear why this sub-program has not experienced greater participation from service companies.

Some key informants noted that the implementation guidelines were not sufficiently flexible to accommodate other types of companies. Another factor that may explain the limited participation is that the Department of Commerce and Technology has long been associated only with manufacturing. There is a perception that the Department only deals with manufacturers. Consulting firms tend to be aware of development programs for the purposes of serving their clientele, therefore, these firms would have a greater awareness of programs available to meet their own needs. The recent appointment by the Department of Commerce and Technology of an additional service sector project officer and an interest in being more proactive in this industry sector should help to resolve this lack of awareness.

The overall conclusion is that most sub-programs, as measured by take-up, have been effective in meeting their objectives and assisting in the meeting of the Agreement's objectives. The exceptions to this are the Manufacturing License Incentives, Foreign Certification of Products, and Selected Service Incentives sub-programs which have been less effective.

On-going Effects of Public Sector Activities

Public sector activities represent a large proportion of total Agreement expenditures. Included in these activities are the following sub-programs with their associated activities.

- Planning and Analysis - funded a wide variety of studies including: strategic plans for the Regional Economic Development Commissions; opportunity identification and

assessment studies; and industrial planning studies (land use, water, local infrastructure, etc.). These studies provided valuable information to various audiences. The strategic plans for the Regional Economic Development Commissions provided a means, if implemented properly, of enhancing the activities of the Commissions. Many of the studies relating to opportunity identification and assessment have indicated that the opportunities were not feasible. Nevertheless, they helped to direct the prospecting efforts of the Department of Commerce and Technology and allowed for better assignment of limited prospecting resources. Those studies which yielded more favourable results became the focus for discussions with potentially interested parties. No direct outcome is as yet evident, however, there is still room for optimism on some studies.

•Fundamental Infrastructure Investments - funded infrastructure related development of industrial parks located throughout the province. These projects included such infrastructure items as providing water and sewage treatment as well as roadwork. Many key informants feel that this sub-program has helped to create a more suitable and favourable environment for companies and prospective companies. The consensus is that New Brunswick's industrial park infrastructure was severely lacking prior to the Agreement and that it is now in much better order.

•Commission Information Network - this sub-program funded the installation of computer systems in the 12 Regional Economic Development Commissions. Little feedback is available to assess the on-going effects of this sub-program. A review of a recent annual monitoring report indicates that the usage of the systems was 90% for word processing and 10% for accessing the industrial directory. The full capability of the system does not appear to be utilized. While this report indicates that the Commissions are reasonably satisfied with the system it also points to the fact that staff need more training and that they are unfamiliar with the system. The problems are symptomatic of a lack of support in utilizing the systems that are in place.

•Entrepreneurial Development Assistance - funding from this sub-program was used to produce videos designed to emphasize the benefits of entrepreneurship. The videos have been reproduced with distribution to schools and other interested groups throughout the province. The benefits accruing from this sub-program are difficult to define and any benefits that do accrue will likely be small in scale and impact over a long time frame. There has been much activity and media attention related to promoting entrepreneurship, the videos produced help to continue the momentum. The videos that have been produced are reportedly experiencing strong demand from associations, schools and women's groups.

•Small Business Proposal Awards - this sub-program provided funding to universities and community colleges to sponsor business plan competitions. This sub-program, as with the previous one, has had a positive impact; however its full effects will only be evident in the long term. While it is reported that some participants of this sub-program started businesses, it is not known whether or not the individuals were predisposed to starting businesses. While it is very likely that this sub-program has had a positive impact on attitudes about starting businesses and has created an awareness of the planning required, it is too soon to say if it has resulted in the creation of businesses.

•Industrial Prospecting - this sub-program was to focus on promoting opportunities for industrial development in New Brunswick and fostering the growth of new and existing companies. The Department of Commerce and Technology undertakes industrial prospecting activities as part of its overall function. The strategy for these efforts has been twofold: 1) to concentrate on specific sectors and geographic regions and; 2) to follow-up opportunities as they present themselves. The resources available for industrial prospecting are relatively small. Consequently, the activities which are undertaken must be focused. In focusing their efforts, the approach has been to concentrate on industries and companies for whom New Brunswick offers a competitive advantage such as labour rates, location, power rates or existing industrial base.

The activities undertaken via this sub-program consist of three primary types: studies related to assessing an opportunity or the feasibility of a company in New Brunswick; projects to follow-on identified opportunities; "missions" and projects to support them. Specifically, the activities are:

Studies related to assessing an opportunity or the feasibility of a company in New Brunswick

- Feasibility of a Composite Board Manufacturing Facility
- Market opportunities for bottled water
- Study of opportunities related to Radarsat data analysis program opportunities
- Feasibility of establishing a plastic-blow moulding facility
- Feasibility of establishing an aluminum wheel manufacturing facility - and plan to attract one
- Feasibility of establishing a potato ethanol manufacturing facility
- Feasibility of establishing a garment manufacturing facility
- Feasibility of establishing an ALCELL fabrication facility
- Study to identify market opportunities for a wood polymer technology
- Study of market potential for colour separation
- Development of capital cost estimates for a company which the department is trying to attract to New Brunswick
- Feasibility of establishing a synthetic rope manufacturing facility

Projects to follow on identified opportunities

- To follow on aluminum wheel opportunity (multiple projects)
- To follow on garment manufacturer opportunity

"Missions" and projects to support them

- Funding for the Business Immigrants Program and the Hamburg, Germany office
- Attendance at two ARMX Trade Shows (1987-1989). Development of marketing and information materials
- Aerospace industry efforts
- Translation support for a foreign mission
- Identification of opportunities in foreign markets to support a mission (2 projects)

Upon reviewing the activities and projects that were funded under this sub-program, it becomes apparent that the efforts are very diverse. However, this should be expected given the nature of the province's industrial prospecting strategy which is partially oriented toward addressing opportunities as they present themselves. The activities carried out through the Agreement are consistent with both the overall industrial prospecting strategy and the objective of the sub-program.

The experience of the industrial prospecting efforts has been that on-going projects, such as the Hamburg office, have yielded positive results. In the case of the Hamburg office, this represents the potential for $40 million worth of investment and 260 jobs. Not all of this "potential" will come to fruition; however, the efforts of this office are nonetheless successful. Also successful was one of the follow on projects. In addition to identifying "leads" for possible sponsors this project allowed for a concentrated "scanning" for opportunities. Certified Technologies was contracted to locate a company interested in establishing a manufacturing facility for a specific product. During the course of this project, additional opportunities were identified more or less by accident. This project involved proactive networking with a broad base of companies. The potential success of this project, as well as that of the Hamburg office, indicates that prospecting efforts must be proactive and concentrated.

Many public sector initiatives have been undertaken through this Agreement. Activities through sub-programs such as Fundamental Infrastructure, and Industrial

Prospecting have had the most significant short term impacts. The Planning and Analysis sub-program provides a necessary vehicle for performing much of the required study activity for which the Department of Commerce and Technology does not have the expertise. At the same time other sub-programs have also positively impacted their participants by increasing awareness and interest and these sub-programs may also yield some concrete long-term benefits. The public sector initiatives have shown and will continue to show a positive impact.

3.3 Sub-Programs and Objectives

Planning and Analysis - To build on existing sector profile studies and to undertake further sectoral analysis and sub-regional studies aimed a both the removal of constraints to industrial development and the identification of opportunities for industrial growth and diversification.

- The studies undertaken have helped to identify several important opportunities, have examined ways to remove constraints to development, and have provided strategies to enhance Regional Economic Development Commission activities.

- Many of the opportunity assessment studies have had negative conclusions.

- The focus of the efforts have been toward objective attainment. While many of the sectoral profile studies have yielded negative conclusions they have nevertheless provided a profile of the particular industry.

- On-going efforts should continue and include:

    - opportunity or idea generating studies aimed at identifying potential opportunities for further study.

- opportunity identification oriented studies that are broader is scope. The purpose is to provide a snapshot of an opportunity to assess its conceptual feasibility before undertaking a larger and more costly feasibility analysis.

Regional Economic Development Support Program - To assist Regional Economic Development Commissions to improve their effectiveness.

- An in-depth assessment of this sub-program was not deemed to be within the scope of this evaluation.

- A separate study was undertaken to evaluate the Regional Economic Development Commissions and make recommendations about their future activities. This study found that:

  - 8 of the 12 Regional Economic Development Commissions had met or surpassed their strategic objectives. (The remaining 4 did not have data available in time)

  - An average rating of 8.4 (out of 10) was noted by business people for Regional Economic Development Commission services.

  - Existing structure was the most appropriate, but that changes in operations were warranted.

- While these findings are not linked to Agreement funding, they indicate that the Regional Economic Development Commissions were working towards their objectives and were providing valued services.

Infrastructure Investments - to remove impediments to development through the selective provision of industrial infrastructure and industrial support measures.

- Much has been done to advance the state of industrial parks throughout the province, and, in general, the view is that they are more acceptable for development.

- The Site Specific Infrastructure sub-program is viewed to have been more of a subsidy than an incentive. As it is, it is felt that many of the projects would have gone ahead regardless of assistance.

- Progress toward objectives is evident and the activities are contributing to meeting these objectives.

Industrial Development Support - To develop and strengthen New Brunswick industry by improving access to, and encouraging acquisition of, business information, business services and managerial expertise.

- Project activities have been consistent with the sub-program objectives.

- The Agreement has sponsored the internship of 174 people in companies. The following types of positions were created: 46 engineering; 37 marketing; 27 financial or controller; 9 office managers and 55 other. The assisted positions have increased the technical and managerial capacity within the province. The skill sets which were introduced have had and will continue to have the potential to benefit company performance.

- The Small Business Proposal Award sub-program is reported to have increased awareness among future entrepreneurs of the need for planning and the steps to undertake planning.

Industrial Prospecting - To provide New Brunswick with focused industrial promotion based on an opportunity-driven approach.

- The activities under this sub-program have focused on opportunity-driven promotion. The Planning and Analysis sub-program was to provide some of the opportunities to be promoted. However, many of the opportunities were assessed as non-opportunities and did not require follow-up. The opportunities with positive conclusions have received a good follow-up, but they are few in number.

- The Business Immigrants Initiative and the funding of the Hamburg, West Germany office have accounted for many of the successes of this sub-program. Continued on-going efforts such as these and the efforts of Certified Technologies appear to be the most beneficial and most likely to result in the attainment of objectives.

- One-off opportunity prospecting will continue to be necessary, however, the success rate of these efforts is lower than concentrated efforts.

Strategic Investment - To accelerate the growth of firms and entrepreneurs within strategic sectors of the New Brunswick economy.

- All of the companies funded under this sub-program are deemed to be in strategically important industries: food processing; wood products; textiles; advanced technology and information/communications. The first two industries represent traditional New Brunswick industries which have been and continue to be important to specific regional economies as well as the provincial economy. The latter two industries, and in particular, the communications industry, represent new thrusts for the province. One which has helped to build on the province's strengths in the information technology industry.

- The sub-program has contributed to the accelerated growth of these companies in conjunction with funding from other agencies and/or private sources. The funding usually forms part of a package and helps all the pieces to come together.

In this way the sub-program was able to lever significant amounts of capital from other programs and private sources, thereby multiplying its potential effects.

- Some of the companies funded through this sub-program are viewed as "the engine" around which related businesses can grow and flourish. In other words, it is expected that through their existence and consumption of services, some of these companies will act as catalysts for the further development of their industry.

- The projects undertaken through this sub-program not only contribute significantly to the program objectives but also to the overall Agreement objective of strengthening, expanding and diversifying the province's industrial base. While not all of the projects involved industries that were diversified from the existing industrial base, they nevertheless were aimed at strengthening and enhancing the long-terms prospects for the New Brunswick economy.

Manufacturing Licence Incentives - Increased diversification of New Brunswick's manufacturing sector through acquisition of manufacturing licenses.

- Very limited activity has been evident and this sub-program has done little to diversify the province's manufacturing sector. According to the key informants with whom we spoke, this sub-program has experienced limited activity because of it burdensome and confusing guidelines and complicated administrative procedures. However, the primary cause of limited activity is a lack of awareness both of the availability of the sub-program and of the concept of manufacturing licences. The sub-program suffered from the lack of an effective promotional effort aimed at attracting clients. To a large extent, this is a sub-program that is ahead of its time. The conceptual purpose of a manufacturing licence is still very novel to, if not unknown by, many New Brunswick companies. Extension and training activities (now provided by a number of government agencies) are essential to creating an awareness of manufacturing licencing.

Selected Service Incentives - To increase private sector investment in New Brunswick.

- This sub-program has experienced moderate activity primarily arising from the consulting services segment of the service sector. The focus of the objective is such that any activity would result in the attainment of the objective. The fact is that this sub-program has resulted in increased private sector investment in the cases where it funded projects. Consequently, there has been progress towards the sub-program's objectives.

Market Planning and Implementation - To develop and strengthen the marketing capability of small and medium sized New Brunswick companies.

- A major focus of this sub-program was to increase the marketing capability and to increase awareness of the value of marketing amongst New Brunswick businesses. The high volume of activity in this sub-program is testament to the fact that New Brunswick businesses have become more conscious of marketing. The activities undertaken are viewed by sub-program participants to have contributed to the growth of their companies, thereby reinforcing the fact that the sub-program has increased their awareness of the value of marketing. It is generally considered that this sub-program has developed and strengthened the marketing capability of its clients.

- This sub-program could have been more effective in this regard had post-project evaluations been undertaken by clients to identify the results and assess the particular effort. Such evaluations would have allowed clients to determine whether or not the activity was worthwhile and whether or not to continue and/or adjust such efforts.

Export Development - To improve the support for the development of export market expertise; to strengthen the private sector role, information and support systems; and to improve the accessibility of federal, provincial and private sector support programs, services and expertise.

- The Foreign Certification of Products sub-program has only funded one project. Clearly this will neither create a significant impact nor a contribution to objectives.

- The Educative Measures in International Marketing sub-program represents one component of export development. This sub-program is addressed in full in the next section of this report. The general conclusion is that two centres have been established but more work on generating results is necessary.

3.4 Educative Measures In International Marketing

The Educative Measures in International Marketing sub-program was a large initiative focused on enhancing the international marketing expertise within New Brunswick. Specifically, the objective of this sub-program was:

- To establish a high calibre centre in the field of international marketing, to increase the entrepreneurial skills of New Brunswick business people and to encourage research and study in international marketing.

Toward attaining this objective, Centres for International Marketing and Entrepreneurship were opened in January, 1989 in the Faculties of Administration at the University of New Brunswick in Fredericton and Université de Moncton in Moncton.

According to the Agreement, certain activities were eligible and designed to further progress toward objective achievement. These activities included:

- conducting research and study in the field of international marketing;
- development of course material on international marketing;
- setting up an internship program in cooperation with industry as a means to encourage interaction with business;
- organizing management development activities in international marketing;
- setting up a visitors program to attract experts in international marketing to teach and assist in research on a short term basis;
- development of a fellowship program in international marketing; and
- development of a continuing education program in international marketing for practising and aspiring managers.

The two centres created are based upon submissions from the respective universities. Each centre has established specific objectives, the differences in these objectives reflect their unique approaches to the overall sub-program objective.

For the centre at the Université de Moncton, the objectives were twofold:

- preparing highly qualified individuals through the institution's academic program; and
- providing services to entrepreneurs through study sessions, research, consultation, creation of a documentation centre and provision of extension courses in international marketing.

For the centre at the University of New Brunswick (Fredericton), the objectives (from the Executive Summary to the submission) were to:

- conduct research in international marketing and its impact on small business entrepreneurs;

- disseminate appropriate information to the business and public sectors in order to facilitate efficient decision making;

- develop course material and computerized data bases pertaining to international marketing and its effect on small business, and entrepreneurship;

- interact with business in the province by:
  i) organize seminars, conferences, and workshops;
  ii) provide programs in cooperation with business;
  iii) have a program for executive/faculty exchanges;

- develop a student bursary program in international marketing, small business, and entrepreneurship;

- provide consultative services to the New Brunswick business sector on matters related to foreign markets; and

- address issues and challenges that may arise from a possible freer trade arrangement with the U.S.

Achievement of Objectives

In reviewing the achievement of objectives, three factors must be recognized:

- The process of establishing a centre and being able to attribute benefits or impacts to that centre is a long-term, if not very long-term proposition. The two

universities which house the two centres offered little in terms of resources that could shorten the development process. Essentially, the two centres had to "build" from scratch their resource base. This building phase represents a large part of what as transpired to this point in time. In fact, the building of capabilities and resources will continue throughout the existence of the centres.

- The industrial base of New Brunswick is comprised of many small and medium sized companies as well as a few larger firms. The larger firms generally have internal expertise or they are branch plant operations. The small and medium sized firms have limited involvement in the international market place. Consequently the number of companies that can presently utilize the services of such a centre and the training and knowledge transferral is limited. For these centres to receive a high volume of activity requires an increase in the interest and activity of international business.

- The funding from the Agreement was in the form of endowments to the respective universities, the incomes from which will be used in perpetuity to sustain the operation of the two centres. Thus, although the Agreement has expired, the centres will continue to operate and pursue their stated objectives. It may take quite a while before these centres show concrete benefits - the funding in the form of endowment gives them extended life and allows them to pursue their goals.

These centres have existed for a relatively short length of time, (since January, 1989), which makes any evaluation of their performance premature. What follows is in the nature of an interim evaluation.

The centre at the Université de Moncton has undertaken a number of activities consistent with their objectives including the addition of international marketing content to the curriculum, provision of seminars to industry, research into international marketing needs, provisions of documentation for use by researchers,

students and entrepreneurs and the dissemination of information on the centre to industry through newsletters and a brochure. Many of these activities have been provided in parallel with services available from Industry Science and Technology, Canada's International Trade Centre. The materials and programs provided by ISTC have been an integral part of the centre at the Université de Moncton. Some key informants felt that without the active involvement of ISTC and the materials and services they have available, the centre at Université de Moncton would have accomplished little. In fact, the effect the centre has had on incremental services to industry is considered to be negligible. Our key informant at the Université de Moncton felt that the sub-program had been very successful and was enthusiastic about on-going activities at the centre. The activities of this centre are a step in the right direction. Continued on-going efforts should help to make evident the potential of the centre.

The centre at UNB has established contacts with other universities, government agencies dealing with international markets, hired a student to develop a marketing related database, provided services to faculty projects and held two seminars on export development. The UNB centre did not publish any newsletters or brochures specifically related to their capabilities reportedly because they are still developing their capabilities. A new director has been appointed to the centre and he will devote only half-time to centre activities.

The centre at the University of New Brunswick undertook activities less directly consistent with the sub-program objectives and would appear to have had a more modest success rate in relation to the objectives listed in their submission. The downgrading of the position of director of the centre from full-time to half-time may reflect declining interest and commitment to the project.

Because the realities of our industrial base, the approach of utilizing a half-time director may predispose the centre to being unsuccessful. A proactive approach to

developing activity in international business requires the assignment of significant and committed resources.

Potential Enhancements

While this sub-program was a one-time activity, it may be possible to work with these centres to make adjustments to their operations.

The following suggestions were offered for enhancement of the program:

- review the staffing requirements and work plans of the two centres to determine if they are remaining true to their intent and if resources are sufficient;
- institute more formal collaboration between Université de Moncton and the University of New Brunswick in relation to the overall operation of the centres;
- fund hiring of assistants to assist with the accumulation and maintenance of documentation;
- fund a program to encourage the development of international marketing skills of faculty members;
- fund a student internship program in international business;
- fund thesis work in international business;
- fund international student exchanges;
- fund field investigations of international marketing opportunities; and
- more investigation of other similar centres.

Obviously, before any of these measures were undertaken the impacts and consequences will need to be reviewed.

Role of The Advisory Board

In the Agreement, there is provision for the creation of an Advisory Board in relation to the sub-program with the purpose of:

- making recommendations concerning the centre's activities; and
- addressing the needs of the New Brunswick business community in the development of education programs in international marketing, including curriculum design and research projects.

A joint Advisory Board was created to fulfil that role for both centres in relation to the program. In operation the role of this Advisory Board has been more to review the activities of the centres rather than providing advice. This appears to have been a weak link in the functioning of these centres. Critical to the success and usefulness of these centres is the presence of a strong Advisory Board, cognizant of the business community's needs and able to provide direction.

The operations of these two centres are still in their infancy. It will take time before their operations are ready for a thorough evaluation. Until these centres have been carefully evaluated, after about 5 years of operations, it is impossible to say what the value of these centres has been or whether additional funding is prudent.

3.5 Level of Assistance and Funding Allocation

The terms of reference indicated that the level of assistance for each sub-program and the amount of funding allocated to each program was to be analyzed.

Exhibit 13 is the planned and actual expenditures for the Agreement.

Exhibit 13 - Planned and Actual Expenditures

Program	Original Funding Allocation ($)	Total Commitments
Program 1		
Development Climate and Industrial Support		
1.11 Studies	1,300,000	1,369,529
1.12 Contract Staff		271,812
1.13 Evaluation	1,800,000	194,828
1.14 Public Information		130,377
1.2 Regional Economic Development Commissions	3,600,000	3,280,288
1.31 Fundamental Infrastructure	3,000,000	6,078,883
1.32 Project Specific Infrastructure	4,700,000	2,628,114
1.41 Institutional Computer System	400,000	348,574
1.42 Small Business Internship	1,500,000	2,506,870
1.43 Business Plans & Records	1,200,000	862,993
1.44 Entrepreneurial Development	132,000	220,751
1.45 Small Business Proposals	68,000	66,639
Total Program 1	**16,900,000**	**17,959,658**
Program 2		
Industrial Diversification		
2.1 Industrial Prospecting	1,500,000	1,378,713
2.2 Strategic Investment	6,000,000	7,200,000
2.3 Manufacturing License	1,000,000	69,950
2.3 Selected Service Operations	1,500,000	615,289
Total Program 2	**10,000,000**	**9,263,952**
Program 3		
Market and Trade Development		
3.1 Market Planning and Implementation	3,000,000	2,940,572
3.21 Foreign Certification	900,000	6,671
3.22 Management and Technical Training	400,000	211,247
3.23 Educative Measures in International Marketing	800,000	1,600,000
Total Program 3	**5,100,000**	**4,758,490**
TOTAL SUBSIDIARY AGREEMENT	**32,000,000**	**31,982,100**

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Reviewing this exhibit, it is apparent that significant funding resources were expended on various activities. However, in most cases the dollars expended are consistent with the magnitude of the task at hand. Of more significance is the sub-programs that have not expended funds to the levels anticipated. These are Manufacturing License Incentives and Foreign Identification of Products and to some extent the Selected Service Incentives. The amount of funds expended is very small relative to the potential expenditures. As we have already discussed, this lack of activity and expenditure has hampered the impacts of the Agreement in diversifying the economy.

Some sub-programs were very well received, and, consequently had funding increases to meet the level of demand. Specifically, these are: Business Internship and Strategic Investment Assistance.

While the original funding allocations are not etched in stone they do, however, reflect an expectation of activity. Three sub-programs experienced significant expenditure shortfalls. Two of these sub-programs were related to the expansion and diversification of the economy.

- The Manufacturing License Incentives sub-program had an allocation of $1 million and only $70,000 in expenditures.
- The Selected Service Incentive sub-program had an allocation of $1.5 million and only $603,000 in committed expenditures.

Overall, the amount of funds expended under Program 2 was more than originally allocated. However, activities which were essential for expansion and diversification of the economy were not carried out. These activities were budgeted for via the Manufacturing Licence Incentives and Service Sector Incentives sub-programs.

The Foreign Certification of Products sub-program had an original allocation of $900,000 and only $6,700 in expenditures. This sub-program was a component of Program 3 whose objective is to increase domestic and foreign market penetration. With essentially no activity or funding expended on certifying products for foreign markets, it is difficult to have increased foreign market penetration.

The allocation of funding to programs:

- $16.9 million to Program 1 - Development Climate and Support
- $10.0 million to Program 2 - Industrial Diversification
- $ 5.1 million to Program 3 - Market and Trade Development

reflects the relative amount of funding required to attain movement toward the objectives that were set. The amount of funds allocated was not sufficient to correct all the shortcomings of the New Brunswick industrial base, but this was not their intent. The programs were focused on moving the economy in a particular direction. The amount and relative allocation of expenditures was consistent with this desired movement.

4 How Well Was The Agreement Implemented?

The terms of reference identify particular tasks for the evaluation of Agreement implementation. Specifically to be completed, is a review of the Procedures Manual, committee structures, project approval turnaround time, an evaluation of the two principal types of monitoring efforts, comments on the role of each government in implementation, and a review of the degree of client satisfaction.

4.1 The Procedures Manual

The Procedures Manual, entitled General Administrative Procedures, outlines the procedures that are to be followed in implementing the Agreement. It identifies the composition, responsibilities and functions of the Management, Coordinating and Sub-committees. The procedures for undertaking studies - outlining terms of reference, tendering for proposals, evaluating the proposals and guiding study activity are indicated.

Included in this manual are procedures related to specific tasks undertaken in the implementation of the Agreement, such as: tender advertising; project signage; quarterly reporting; etc.

The General Administrative Procedures Manual is a very straightforward document. It clearly identifies what to do and in some instances provides examples of how to do it. The key informant interviews identified one area where confusion was apparent. The procedures to undertake studies and the time consuming nature of the process were not understood. Also, the required measures slow down the approval process, however, this is felt to be necessary to ensure that high quality work is performed.

More apparent, was a lack of understanding on how the procedures could be implemented. Part of the concern over the study approval process was the need to have each step approved by one or both of the Management and/or Coordinating committees. The actual procedures do not require this stepwise approval. Consequently, members of staff were making the process more arduous for all concerned. Some members of staff have a lack of understanding of how to apply the procedures. The indication is that there is a need to train staff on relevant Agreement procedures to eliminate these misconceptions.

4.2 The Committee Structures

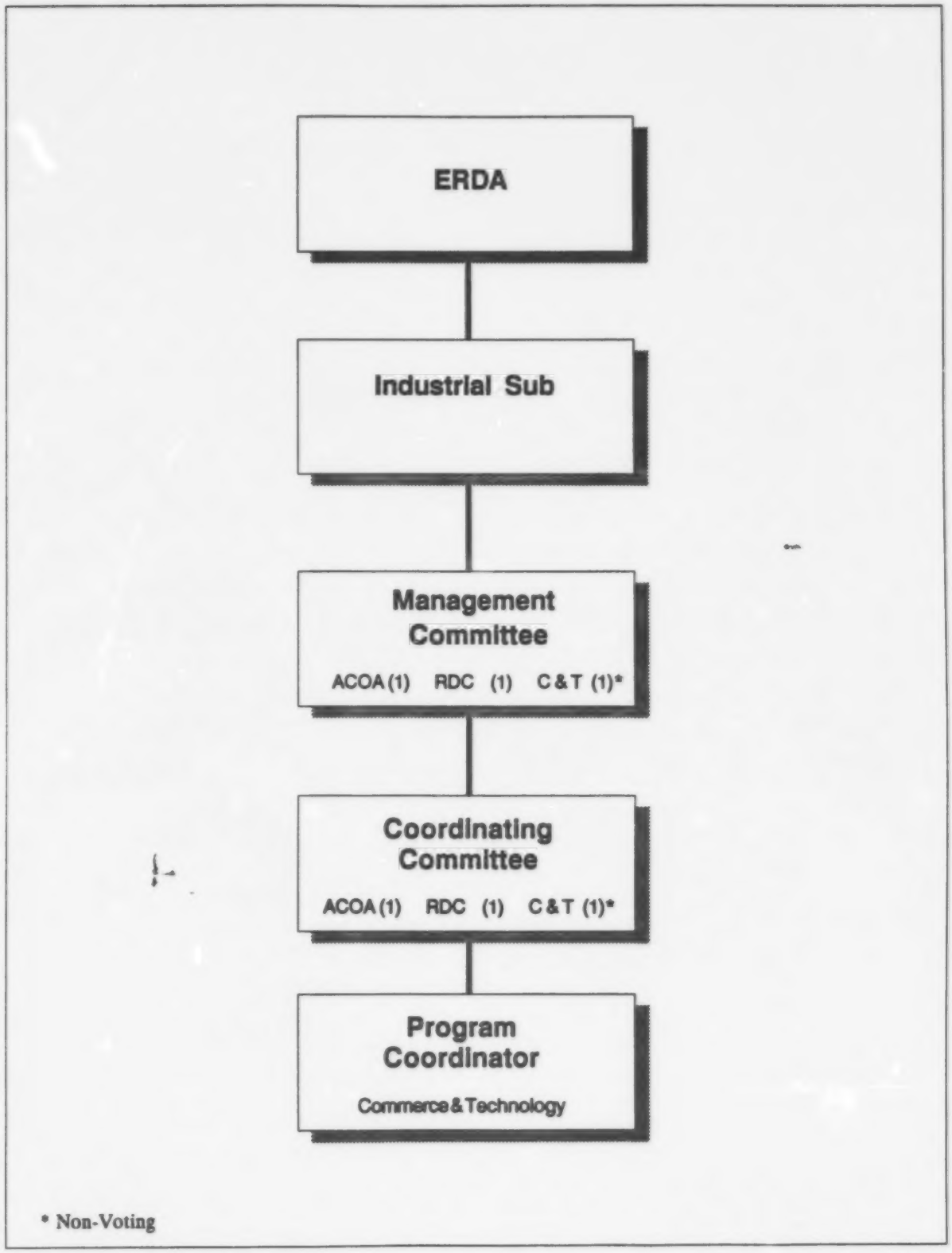
Two committees existed for the management and implementation of the Agreement: a Management Committee and a Coordinating Committee.

Exhibit 14 shows the committee structure of the Agreement.

The role of the Management Committee was to manage the Agreement. Its primary function was to review and render decisions on recommendations from the Coordinating Committee relative to project approval, guidelines, eligibility, procedures, work plans, budgets, etc. As well, the Management Committee authorized the reprofiling of funds from one sub-program to another.

The role of the Coordinating Committee was much more "hands on". This committee was responsible for the implementation or day-to-day management of the Agreement. A major task was to review and analyze all projects and to authorize the approval of projects up to $50,000. The committee met on a regular basis to approve, recommend or turn down projects and this represented the single most important task of this committee. The Coordinating Committee monitored the progress of the Agreement and made recommendations to the Management Committee about changes.

Exhibit 14 - Committee Structures



The roles of the two committees were and continue to be complementary and to work well. The Committee structures appear to be appropriate and have allowed for sound management of the Agreement.

4.3 Project Approval

One issue that has received considerable discussion over the course of this evaluation is project approval. On one hand, staff who are implementing the Agreement consider the project approval process to be too slow and unresponsive to clients' needs. On the other hand, clients have indicated a very high level of satisfaction with not only application processing but also payment processing. Improvement in the application processing system is not considered necessary for client satisfaction purposes. However, changes could benefit staff by increasing efficiency and saving time. Exhibit 15 represents the evaluation and approval process for the Agreement.

After reviewing this process and interviewing staff, the following findings were noted:

- All steps are essential to a quality project review
- Applications are frequently incomplete, omitting important information. Consequently, approval cannot be provided until all required information has been provided.

One suggestion to rectify the situation is to allow project officers to present applications and/or verbally respond to queries about an application. However, given the number of applications, this approach is not practical. Fundamentally the problem is a lack of understanding by project officers of what is required to make a decision. Better communication between the Coordinating Committee and delivery staff at the outset of the Agreement and on an on-going basis would resolve this problem and yield improved turnaround time on project approval.

Exhibit 15 - Project Approval Process

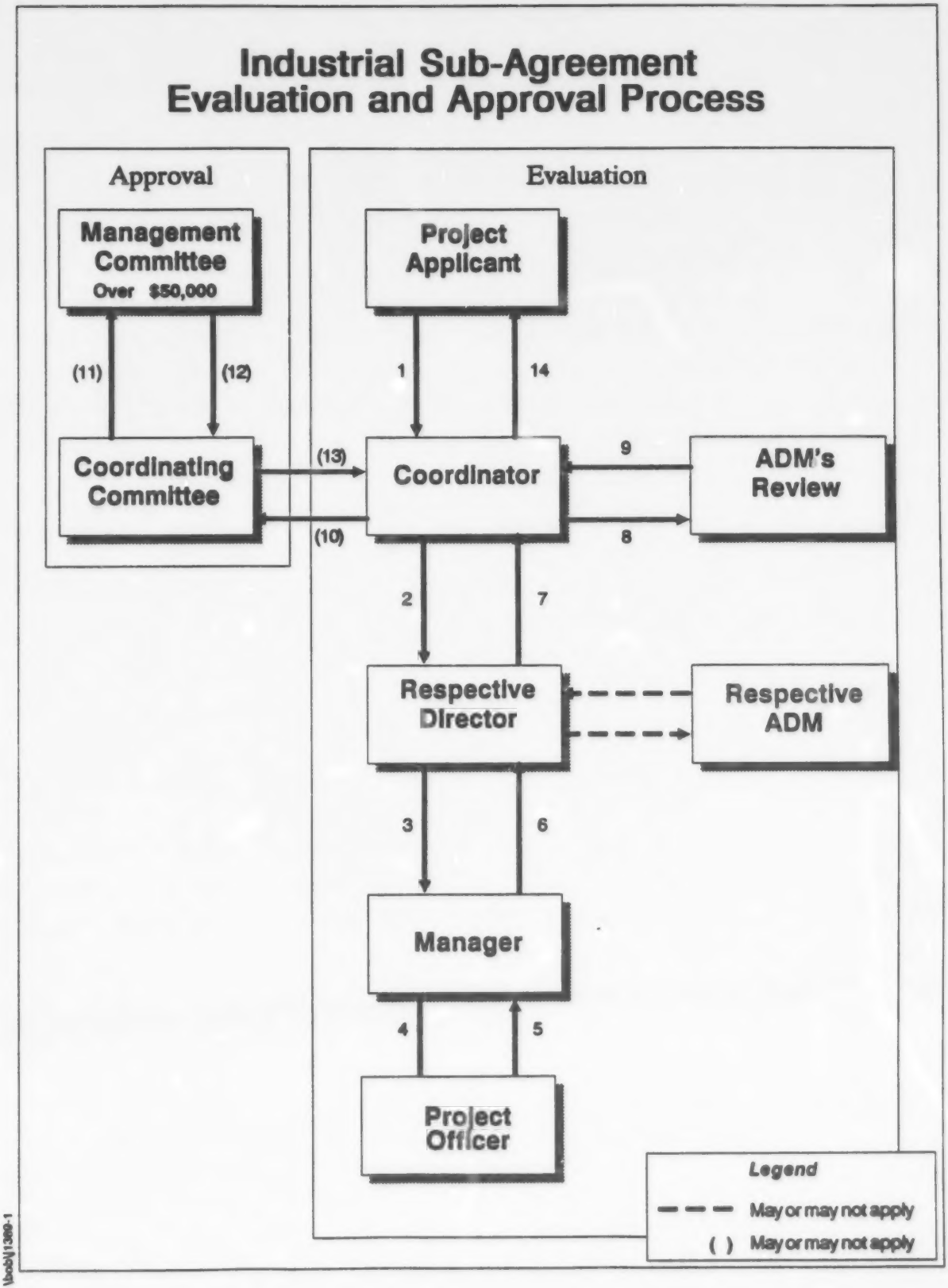


Exhibit 16 presents the application processing times for all sub-programs in the Agreement. Reviewing this exhibit it is apparent that the average application processing time for sub-programs varies considerably. The length of time taken for processing private sector applications is somewhat better than the processing time for public sector projects at 102.6 vs 111.8 days respectively for approvals. In particular, the time delay between reaching a decision and sending an offer letter was much better for private sector sub-programs. The length of time taken to process applications while considered acceptable by applications, seems very long at 102.6 days for approvals, 104.5 days for rejections and 118.8 days for offer letters. This means that it takes roughly 4 months from application to "go ahead" (not including pre-application handling time). For clients who have no alternatives the timeframe for application processing is still important. Delays in project start-up can hinder decision making and ultimate results.

While we note that project approval is considered satisfactory by the Agreement's clients, it is, nevertheless, possible to improve the turnaround time. Consideration should be given to implementing a better communication process.

4.4 Monitoring Reports

Two principal types of monitoring reports were associated with the Agreement: Annual Monitoring Reports and Follow-Up Monitoring of Results.

The Evaluation Framework designed annual monitoring reports for each of the sub-programs of the Agreement. Their design was based on collecting useful data to track Agreement performance and to suggest changes to particular sub-programs. Few of these reports, were completed and it is unclear why this was so low. Reviewing the various reports it is evident that they are straightforward and do not require an overwhelming amount of effort. However, for many directors and managers, the activity of the Agreement is incremental to what is already a full-time position.

Exhibit 16 - Average Application Processing Times for All Sub-Programs (Days)

Sub-Program	Processing time to Approval (Days)[1]	Processing time to Rejection (Days)[2]	Processing time to Offer Letter (Days)[3]	Time passage from an approval decision to the sending of an Offer Letter
Sub-Programs Accessible by Private Sector Companies				
1.32 Project Specific Infrastructure	145.6	96.4	180.7	27.2
1.42 Small Business Internship	111.1	140.7	126.1	14.2
1.43 Business Plans and Records	112.3	60.2	126.7	14.3
2.2 Strategic Investment	128.8(37.3)[4]	66	153.3(52)	24.5(14.7)
2.3 Manufacturing License	87.8	82	124.8	30.3
2.4 Selected Service Incentives	129.4	79.5	152.9	21.6
3.1 Market Planning and Implementation	81.7	75.6	97.5	15.6
3.21 Foreign Certification of Products	121	66	136	15
Average for all Private Sector Accessible Sub-Programs	102.6	104.5	118.8	15.7

Exhibit 16 (Continued)

Sub-Program	Processing time to Approval (Days)[1]	Processing time to Rejection (Days)[2]	Processing time to Offer Letter (Days)[3]	Time passage from an approval decision to the sending of an Offer Letter
Sub-Programs For Public Sector Activities				
1.11 Studies	92.4	99.8	146.5	54.5
1.12 Contract Staff	66	*[5]	*	*
1.13 Evaluation	*	*	*	*
1.14 Public Information	134		283	149
1.21 Regional Economic Development Commissions	*	*	*	*
1.31 Industrial Park Infrastructure	175	54	237.1	49
1.41 Institutional Computer System	*	*	*	*
1.44 Entrepreneurial Development	62.2		137.8	75.6
1.45 Small Business Proposals	93			
2.1 Industrial Prospecting	43.5	36	71.6	28
3.22 Management and Technical Training	53.1	63.4	80.8	18.8
3.23 Educative Measures in International Marketing	546		593	47
Total for all Public Sector Accessible Sub-Programs	111.8	68.1	160.4	44.9

[1, 2, 3] Average for all projects for which numbers were available, numbers were not available for all projects.

[4] Bracketed numbers represent the average for three of the four projects that were approved.

[5] Asterisk indicates that no information is available from the database.

Therefore, it may simply be a lack of available time. One key informant who initially did complete these reports, discontinued doing so because there was no sense of purpose to completing them. In other words, this manager felt that the reports were just filed and the recommendations were not considered.

One very important component of these reports was the interviews with past clients and with other businesses. This aspect can provide information that is key to enhancing program offerings. These interviews, like the balance of the annual monitoring effort, only received a cursory emphasis by implementing staff. Without the information necessary to redirect and modify the Agreement's programs they become obsolete and no longer warrant funding.

The annual Follow-Up Monitoring of Results was to collect annual sales and employment figures for six of the sub-programs which provided funds to private companies. This information was to form the basis of assessing the impacts and effects of these sub-programs on employment, sales revenue and productivity.

As with the Annual Monitoring Report the follow-up report is not a complex administrative task. However, in some instances the significant number of clients have made it a major undertaking. Very little sales or employment data was available at the commencement of this evaluation. This lack of available data is not so because clients were unwilling to provide the information, but rather because no one was asking for it.

ACOA has a similar need for sales and employment information, however, in its situation they have made it a condition of receiving the funding. Their experience in receiving this information is reportedly very good. Such an approach to the Agreement would have led to the providing of the required information from all or most clients. As it was implemented, the onus was on the project officer to obtain sales and revenue information and this proved to be too much of a responsibility. The comment of one project officer is quite appropriate in this regard - with early

clients for the Agreement not having been asked to provide this information it did not seem fair to request others to do so.

While the approach of making the provision of information a funding requirement would make receiving this information easier, this information was nevertheless mandated by the evaluation framework and was valuable for the management and evaluation of the Agreement.

The lack of follow-up data and limited Annual Monitoring Report completion are symptomatic of a lack of understanding of the value of these reports and the information therein, in managing the Agreement. It is impossible to say what positive changes might have occurred had these reports been properly utilized, but it is possible that sub-programs such as Manufacturing License Incentives and Foreign Certification of Products would have been better promoted, understood, and used.

A lack of follow-up and interest in how clients are "making out" is evident in much of the activity of the Agreement. Once a client has received his/her money there is little or no contact until that client wants more money. Greater attention to the effectiveness of activities is overdue.

4.5 Role of Each Government

The provincial government's Department of Commerce and Technology is the implementing agency. The primary responsibility and source of activity for implementation has been with the Department of Commerce and Technology. Consequently, the majority of the implementation activity: accepting applications, processing applications, corresponding with clients, and processing of payments were performed by Commerce and Technology.

For the most part, the role of the federal government in the implementation of this Agreement has been via its membership on the Management and Coordinating Committees.

The role of the federal government has become more important since the emergence of ACOA. ACOA staff are able to deliver programs and frequently make contact with industry. ACOA's staff represented a good potential source for client referrals and a medium for disseminating information.

Our survey of Agreement clients asked them where they found out about the sub-program they applied for and where they applied. Exhibit 17 presents the results of these survey questions.

Exhibit 17 - Approved Applicants By Where They Applied and Where They Found Out

Information Source	Applied Through			
	Commission	ACOA	Commerce & Technology	Other
Brochure	1%	4.2%	11.5%	1%
Media	1%	5.2%	2.1%	1%
Dept Staff	3%	1%	37.5%	1%
ACOA	0%	1%	3.1%	0%
Commission	10.4%	0%	6.3%	0%
Other	2.1%	0%	7.3%	0%
Total	17.7%	11.4%	67.8%	3.0%

It is evident from a review of this exhibit that the Department of Commerce and Technology has been by far the most significant source of applications. In addition, the Regional Economic Development Commissions and ACOA have been responsible for a significant number of applicants. ACOA has also been involved in joint project work for some of the larger strategic investment projects.

While the existence of applications arising from the Commissions and ACOA is a positive feature of the Agreement, the absence of other agencies is not. Greater opportunities existed for the involvement of other federal agencies such as the Federal Business Development Bank, Canada Employment and Immigration and Industry, Science and Technology Canada. All of these agencies offer assistance to small and medium sized businesses. A greater promotion of the Agreement's offerings and a greater awareness of what these agencies have to offer would allow project officers to more fully meet the needs of industry. One specific example relates to the Federal Technology Inflow Program (TIP). This program provided assistance to companies who wanted to find out about manufacturing license opportunities. TIP could not provide assistance to actually purchase the license. A well coordinated effort with the Manufacturing License Incentives sub-program could have provided TIP's clients with a means of acquiring the license. A concerted effort to coordinate the efforts of the Agreement with other funding agencies could have levered the impacts of the Agreement. This issue will become increasingly important in a subsequent Agreement because available programs will likely shrink.

4.6 Client Satisfaction

Appendix B of this report is a summary of the survey conducted for this evaluation. In Section 3.2 we provided statistics indicating the overwhelming satisfaction of clients with the delivery of the Agreement.

This satisfaction was apparent for all sub-programs' clients and for rejected clients. These statistics indicate, from the client's perspective, the feeling that the Agreement met their needs and was well implemented.

4.7 Key Observations and Recommendations For A Similar Agreement

To improve the management of future similar agreements the following are the key points to consider and put into action.

- Train staff on the procedures of the agreement.
- Communicate to project officers what information is needed to make a decision and advise them of changes as they occur.
- Maintain a sound database of agreement accomplishments and needed adjustments, and show proper consideration to adjustment recommendations.
- Closely follow up on projects to determine their impacts and how to enhance them and put the onus on the client by making it a requirement of funding.
- Create a broader awareness of programs with relevant agencies and promote an awareness within the Department of Commerce and Technology of their relevant programs.

A subsequent agreement can improve its management by implementing the points above. While any future agreement will be significantly different from the current one, these points remain relevant.

5 Conclusions and Recommendations

5.1 Conclusions

The conclusions of this evaluation refer to the Agreement in general as well as to the sub-programs in particular.

Agreement Conclusions

- The Agreement has had a positive impact on its clients. Employment and sales increases have been evident and the skill levels and capabilities of clients appear to have been enhanced.

- Public sector projects and programs have enhanced the provincial industrial infrastructural environment and should yield worthwhile benefits in the future. Immediate benefits have been identified in some instances, but long-term benefits are expected to be greater.

- Implementation was viewed by Department staff to have been cumbersome, time consuming, and not responsive to client needs. However, clients showed a very high level of satisfaction with delivery.

- Some sub-programs have become redundant with the emergence of the Atlantic Canada Opportunities Agency.

- Low awareness of procedures by staff has hindered approval turnaround time on some sub-programs.

- Limited monitoring of results was evident.

Sub-Program Conclusions

- **Planning and Analysis**
  - **Several good opportunities were assessed which have assisted prospecting efforts.**
  - **Performs an essential function.**
  - **Directed emphasis away from non-feasible opportunities.**
  - **Opportunity identification studies would be valuable.**
  - **Small budget concept feasibility studies should be undertaken to reduce unnecessary research and associated expenditure.**

- Regional Economic Development Commissions
  - Funding is no longer provided to the Regional Economic Development Commissions via the Agreement.
  - Action should be consistent with the Price Waterhouse study and other relevant studies.

- Fundamental Infrastructure Investments
  - Parks infrastructure has improved.
  - Priorities should be established upon which expenditures can be based.
  - Development of some parks is not economically justifiable.
  - Future development should be based on cost/benefit approach.

- Project Specific Infrastructure Investment
  - Has assisted the development of specific sites.
  - There is some concern that the funding was a subsidy not an incentive.

- Commission Information Network
  - Has placed computer technology in all the Regional Economic Development Commissions.
  - Usage of system is primarily for office/clerical functions.
  - Staff turnover has hindered advanced usage.

- Retraining may be necessary to realize upon expected benefits and the Regional Economic Development Commissions should be urged to fully utilize the network.

- Business Internship
  - Has increased the management and technical capability of its approved applicants.
  - Incremental employment and revenues are evident.
  - Has been well received by industry.
  - Funding for marketing personnel has been made redundant since its inclusion in ACOA's Action Program.
  - Redundant aspects of the sub-program should not be part of a future agreement.
  - ACOA's Action Program funding approach of paying 75% of first year costs, 50% of second year costs and 25% of third year costs should be assessed for adoption in a future agreement.
  - Data related to the need for higher funding levels should be gathered (based on the ACOA Action Program Market Development Element) and the issue of funding levels addressed.

- Business Plans and Records
  - Have been well received by industry.
  - Have increased the level of management information available to its applicants.
  - Clients have experienced incremental sales and employment.
  - Are not viewed as having contributed greatly to increased sales and employment.
  - Business Plans component has become redundant with ACOA's Action Program, however, management software is not included in the Action Program.

- Entrepreneurial Development
  - Has developed useful videos which can be used to promote entrepreneurship.
  - Emphasis should now be on promoting the usage of existing videos.
  - Has created the desired inventory of videos.
  - Should not be included in a future agreement.

- Small Business Proposal Award
  - Has increased the awareness of entrepreneurship and the requirements of setting up a small business.
  - Long-term benefits should be evident for this sub-program.
  - Interest at the high school level has been noted.
  - Should be continued and expanded to high schools.
  - Should be opened up to graduate schools.
  - Option of having a year-end competition should be assessed.

- Industrial Prospecting
  - On-going prospecting efforts have yielded the most benefits.
  - Contracting experts allowed the Province to plug into industrial networks and make credible proposals.
  - Is key to attracting businesses to New Brunswick.
  - Should be included in a future agreement.

- Strategic Investment
  - Large projects act as engine for local industry and in some cases catalyze the growth of other companies.
  - Investments have been in industries which are strategically significant to New Brunswick.
  - Funds provided have acted as a deal closer and complemented existing funding programs, improving their chances of success.
  - Should be included in a future agreement and should fund projects that are key to the future strategic positioning of the province's industrial base.

- Market Planning and Implementation
  - Has been well received by industry.
  - Has increased clients' awareness of the value of marketing.
  - Should result in increased marketing capability.
  - Has allowed clients to increase their marketing activity.
  - Clients of the sub-program have experienced sales and employment growth which they strongly attributed to the sub-program.
  - Clients should have been encouraged to monitor results of their marketing efforts to enhance their learning of what works and what does not.
  - Has been well received by industry.
  - Has been made redundant since its inclusion in ACOA's Action Program.
  - Should not be part of a future agreement.

- Educative Measures in International Marketing
  - Funding has helped to establish two centres.
  - Centres have yielded little concrete offerings to this point in time.
  - Industrial base has limited dealings with international business issues. Proactive need generation is desirable.
  - Operations should be monitored closely for results.
  - No incremental funding should be provided.

- Foreign Certification of Products
  - Awareness of sub-program is low.
  - Efforts to promote sub-program were essentially abandoned after early failures were experienced.
  - Need has not been clearly established.
  - Consultation with industry is needed to refocus the sub-program and formulate approach for implementation.
  - Need should be clearly established before sub-program is included in future agreement.

- Manufacturing Licence Incentive
  - Limited take up is evident.
  - Represents a good "fit" with Technology Inflow Program which has experienced reasonable success in New Brunswick.
  - It is complex and needs to be simplified.
  - Licensing represents a viable alternative to product development and should be encouraged.
  - Has suffered from a lack of effective promotion which if provided would help to increase take-up. Better coordination with ISTC would help in this regard.
  - Should be re-designed and continued for future agreement.

- Management and Technical Support Training
  - Limited activity has been initiated by the private sector as a result of ineffective promotion.
  - Training remains an important aspect of development.
  - Training that has been undertaken has been useful and well received.
  - Should be included in a future agreement.

The Agreement has, for the most part, met the needs of industry and has been well implemented. A major factor affecting the future of this Agreement is the emergence of ACOA and the comprehensive funding programs it now offers. This change has made redundant many of the Agreement's client related activities and has increased the need for good coordination with these other funding sources.

Recommendations

The recommendations contained in this report concentrate on two subjects: the focus of a future agreement and implementing such an agreement.

General Conclusion

The Agreement has had a positive impact on the clients who have participated in the Agreement and has been delivered effectively. It is within this context that we make the following recommendations.

Focus of a Subsequent Agreement

From all the preceding discussion it is apparent that the Agreement has made a valuable contribution to the state of the New Brunswick economy. It is not surprising that our first recommendation is that a follow-up agreement be negotiated.

Recommendation # 1 - Negotiate a Follow-Up Agreement

In determining the focus of a subsequent agreement, an overriding consideration is the existence of the Atlantic Canada Opportunities Agency and the many programs that it provides. Any future agreement should not duplicate the efforts of ACOA but rather should complement its efforts and programs. Consequently, parts of a number of the sub-programs which formed the basis of the present Agreement should no longer be part of a subsequent agreement. These sub-programs are:

- Business Internship (Marketing Personnel);
- Business Plans and Records, (Business Planning aspects);
- Market Planning and Implementation.

In addition, the following sub-programs should not be included in a subsequent agreement:

- Commission Information Network
- Entrepreneurial Development
- Educative Measures in International Marketing

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The following are the recommendations for a subsequent agreement.

Recommendation # 2 - Agreement should focus on the strategic positioning of the industrial base of the province.

The efforts of ACOA are designed to deal with businesses on a one-on-one basis. As well, this Agency looks after the interests of the Atlantic region as a whole with no specific emphasis on the particular needs of New Brunswick. An Agreement should focus on the particular needs for the development of the New Brunswick economy and should allow New Brunswick to pursue its needs.

Specifically, the focus of a subsequent agreement should have the following characteristics:

- *International Marketing* - this is an integral part of what the agreement should continue to emphasize. The agreement should help our industries to be competitive in a global market. Constantly evolving trade patterns are creating opportunities and threats - our industries should be made ready for the challenges and the agreement is the vehicle to undertake this work. New Brunswick businesses must be aware of and prepared for the events related to global economic trends such as the Free Trade Agreement, the European Economic Community Common Market, etc. A future agreement should supplement existing programs to help New Brunswick businesses prepare.

- *Opportunity Identification* - locating and assessing potential opportunities is a critical component to a New Brunswick focused agreement. Efforts should be proactive as well as reactive. In other words the emphasis should not be restricted to the evaluation of identified opportunities - but expanded to help identify potential opportunities. Opportunity assessments should be relatively small scale studies with only projects that have a reasonable chance of success being studied to determine feasibility.

The nature of these studies could include issues such as adjustment for industries affected by the Free Trade Agreement. These studies could focus on identifying opportunities that can utilize the skills being made idle.

- *Industrial Prospecting* - fundamental to the strategic positioning of the province's industrial base is an effective prospecting effort. Past experience shows that on-going efforts such as the Hamburg office yield positive results. These types of efforts should continue along with the prospecting of specific opportunities, identified from studies or otherwise.

  Prospecting allows the province to attempt to attract industries and/or companies to set up their businesses in New Brunswick. Such a sub-program allows the province to utilize the services of "experts" to attract these companies and industries. Without the services of these experts, it is not possible for the province to credibly solicit these groups, nor is it possible for them to access the network of potential prospects. Prospecting is key to getting the "right" people hearing your message - and getting the "right" people giving the message is a key to prospecting.

- *Selected Service Incentives* - the present Agreement, for the first time, provided assistance to the service sector. The uptake and interest have been increasing over the life of the Agreement and the assistance should be continued. The service sector represents a critical component of N.B.'s industrial base and is not well addressed through existing agencies or programs. Initiatives should be designed to complement rather than duplicate the efforts of ACOA, which does provide some funding to some sectors of the service industry.

  For this program to truly yield incremental benefits to the province and to the region, it is important that its guidelines be limited to activities whose major reason for being is accessing international markets. This was the original structure of this program and it experienced limited uptake. However, to broaden the

guidelines to include trade outside the province, but within the region, alters the fundamental intention of the sub-program. Efforts to enhance the province's service sector and its constituent companies should not come at the expense of other regional companies, rather, it should come from an overall increase in activity due to exporting.

To accomplish this goal it is recommended that the assistance provided by this sub-program be provided for the development of export markets. This sub-program should provide assistance for marketing efforts aimed at establishing export markets. Such a sub-program should be designed to complement what the ACOA Action program can do for service sector companies.

Recommendation # 3 - Agreement should include a Strategic Investment Program.

Recommendation #2 called for the focus of an agreement to be on the strategic positioning of the industrial base. Consistent with this recommendation is providing investment assistance to strategic industries. These large projects have been thought to be the engine for the local, as well as, the provincial economy. The affect on these industries and businesses appears to multiply and generate additional revenue and employment. To successfully attract and foster new industries can often entail an "extra" incentive. The traditional programs that exist often help with capital items but do little or nothing for non-capital or operating investment requirements. Such investments are critical and frequently represent a greater risk to investors because there is often very little tangible worth to these investments. Consequently, obtaining funding for operating requirements and start-up costs is a difficult task. Not only do programs such as these attract investment but they also complement existing programs and allow them to be more effective.

The existing Strategic Investment sub-program is widely viewed as having been a success, both in what it has accomplished and in what it has helped ACOA accomplish.

Recommendation # 4 - Infrastructure investments should continue to be made.

Currently, a study into the infrastructure requirements of the province is on-going. Any infrastructure program is to be consistent with the findings of this study. Additional infrastructure requirements for the province will continue to be identified and funds to satisfy all requirements will not likely be available. Therefore, it is critical that priorities be established and the cost of these priorities determined.

In the past, this sub-program has been criticized for developing land and park sites that were not economically justifiable. The on-going study is to address issues and establish policies for the province's industrial parks. It is essential that Agreement activities are congruent with the intent and policies of the study.

Industrial Park development plays an essential role in attracting industry. Industries must be located in logical sites. It is self-evident that not all industrial parks make sense for all industries. A "best fit" approach should be used for site specific development. Such an approach would assist companies to locate in the most appropriate and economical parks and sites, thereby reducing development costs and conserving funds for other site and park development.

Recommendation # 5 - Undertake a specific initiative to develop a comprehensive source of funding information.

Many funding assistance programs are available to industry and business. Often, most providers of assistance are not fully aware of what other agencies offer. In fact, they may not be aware of all of their own offerings. The focus of a subsequent agreement as we have outlined here does not concentrate on the types of funding programs that have been previously offered. Consequently, there will be an increased reliance on other agencies to assist clients of the Department of Commerce and Technology. Therefore, to properly meet the needs of clients and of New Brunswick industry as

a whole, the Department of Commerce and Technology will have to be aware of what funding assistance is available.

The specific initiative recommended would see the development of a data base of available programs. This information would be accessible to Department of Commerce and Technology staff to meet their clients' requests. In addition this information should be made available to other agencies so that they too can effectively meet the needs of New Brunswick industry, particularly those needs which are currently beyond their scope of responsibility.

Other agencies have undertaken activities and projects to develop similar data bases. To as great an extent as possible, existing efforts should be used as a basis for the Department of Commerce and Technology's initiative. This may require amalgamating several sources of information. However, this should be the cheapest and fastest approach to build the required data base.

Recommendation # 6 - Review the operations of the centres established under the Educative Measures in International Marketing.

The operations of the two centres should be reviewed in detail. Specifically:

- the current approaches and plans for the two centres;
- the success of the two centres in relation to the objectives they proposed in their original submissions;
- the relevance of the centres to the marketplace at the time of evaluation; and
- whether or not enhancement of the roles of the centres by injection of government funds would represent a good investment based on past performance and future needs.

A comprehensive review should be conducted once sufficient time has elapsed (about 5 years of operations). However, the first item should be reviewed immediately.

In the interim, the Advisory Board must take a stronger advocacy role in the operations of the two centres, advising on needs and directions rather than just reviewing past activities.

The first four of the previous five recommendations have addressed the focus of a subsequent agreement. The recommendation is that a subsequent agreement should focus on the strategic positioning of the province's industrial base, that a strategic investment program be included, that an infrastructural program supported by development priorities be included and that a specific initiative be undertaken to develop a funding information data base. In addition, we have recommended a review of the centres established under the Educative Measures in International Marketing sub-program and a change in the role of the Board. The recommendations that follow refer to the implementation of this subsequent agreement.

Implementation of a Subsequent Agreement

The implementation recommendations that follow deal with a subsequent agreement. We have not made recommendations relative to current programs which are excluded from a subsequent agreement as these are irrelevant to the issue at hand.

The implementation of a subsequent agreement will differ from the current one in several essential ways, these are:

- Total volume of applications will be significantly less. The discontinued sub-programs represented the vast majority of applications;
- The volume and timing of payment processing will be less of an issue;
- Promotion of the programs will be more critical because fewer programs for business will mean less activity and less "word of mouth" promotion;
- Awareness of other funding programs will be increasingly critical to meeting client needs.

Recommendation # 7 - More staff training on the Agreement.

A particular shortcoming of the current Agreement is the apparent lack of understanding of implementation guidelines and procedures. The relevant publications are generally quite straightforward, nevertheless, staff are not cognizant of the required procedures. These shortcomings have caused frustration among affected staff and have led to applications being delayed because of insufficient information. Had staff been trained and aware of required procedures, these delays would not have been evident.

Training for staff should cover several topics relevant to the agreement:

- About the agreement - its objectives, program offerings, guidelines and eligibility;
- About the procedures - the application process, information requirements and the need for the information;
- About project evaluation - how to effectively package applicants' proposals.

The specific training program used will need to be further developed. Such issues as who will do the training, what training vehicles(s) to employ, the length of training time; testing procedures along with other particulars will need to be decided upon.

When implemented, this recommendation would require all staff to receive training about the agreement. Critical to the success of such training, is that it should not be a one-time effort. Rather, training should include refresher training, training relative to changes and training for new staff. Reference materials should be used that explicitly outline procedures and sub-programs including reference guides that are quick and easy to use.

Training and "user-friendly" agreement materials are essential for the successful implementation of the agreement and for enhanced application processing.

Recommendation # 8 - More effective promotion of sub-programs.

The composition of the subsequent agreement does not include sub-programs which have received high volumes of activity. In fact, the sub-programs to be offered for the private sector have lower levels of awareness and in some cases are new sub-programs with no awareness. Active promotion of these sub-programs will be required for satisfactory take-up.

Because the high volume sub-programs are not offered, only limited word of mouth promotion and awareness creation can be anticipated. Consequently, better utilization of the Regional Economic Development Commission network and more face to face promotion with industry and industrial groups will be necessary.

To obtain the desired response to sub-programs, a high level of awareness among potential applicants is required. Effective promotion and usage of external agencies will play a key role in awareness creation.

Recommendation # 9 - Coordinate programs with other funding programs.

Given that many of the existing sub-programs are not to be the focus of a subsequent agreement, a key to meeting client needs will be to coordinate with other funding programs, Recommendation #5 presented a specific initiative that can enhance the fundamental process. However, it is not critical to the performance of this coordination task.

The coordination task requires an understanding of other programs - what they fund, what is eligible and their guidelines. It also requires that agreement staff create a reciprocal awareness of agreement programs among these other agencies.

The objective of this coordination effort is to provide clients with the most appropriate offerings and to meet their needs. Creating an awareness about the

agreement in other agencies will also act to promote the agreement among potential clients.

With limited sub-programs available for private sector clients, accessing the offerings of other programs enables the Department to satisfy clients' needs and encourage economic development. A lack of coordination will stunt agreement take-up for which industry will realize the consequences.

Recommendation # 10 - Establish a project monitoring approach.

The evaluation framework recommended the follow-up monitoring of projects in one form or another. Such an approach was not well adhered to in the implementation of the current Agreement.

A monitoring system which acquires relevant information on an on-going basis and not just at the end of the Agreement allows for effective management of programs and sub-program expenditures. Changes to sub-programs can be made in light of the information made available.

The current Agreement did not include this thorough monitoring of projects. Opportunities to fine-tune sub-programs were potentially missed and the impacts evidenced are likely impaired.

The recommendations for implementation of a subsequent agreement have covered four facets: better staff training to enhance implementation, more effective promotion, as well as active coordination to increase awareness and better meet client needs and project monitoring to effectively manage the agreement and evaluate results. These recommendations form the basis for improving the existing implementation and realigning it for a subsequent agreement.

APPENDIX A

LIST OF KEY INFORMANTS

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The following key informants were interviewed:

Key Informant	Title	Agency
Stephenson Wheatley	Assistant Deputy Minister	NB Dept. of Commerce & Technology
Dick Burgess	Director, Planning and Agreements	NB Dept. of Commerce & Technology
Gary Jochelman	Coordinator, Federal/Provincial Agreements	NB Dept. of Commerce & Technology
Norm Guerette	Assistant Coordinator, Federal/ Provincial Agreements	NB Dept. of Commerce & Technology
Michael MacBride	Director, Management, Trade & Marketing Services	NB Dept. of Commerce & Technology
Guy Rossignol	Regional Development Planner	NB Dept. of Commerce & Technology
Alban Martin	Service Sector Coordinator	NB Dept. of Commerce & Technology
Bernard Fontaine	Manager, Regional Development	NB Dept. of Commerce & Technology
Gary Fraser	System Coordinator	NB Dept. of Commerce & Technology
John Moore	Manager, Engineering Services	NB Dept. of Commerce & Technology
John Lodge	Manager, General Industry	NB Dept. of Commerce & Technology
Charles Allport	Management Services Officer	NB Dept. of Commerce & Technology
Ron Harriott	Manager, Management Services	NB Dept. of Commerce & Technology
Valerie Robinson	Manager, Trade	NB Dept. of Commerce & Technology
Art Goodwin	Director, Industry Services	NB Dept. of Commerce & Technology
Ken Hamilton	Director, Financial Services	NB Dept. of Commerce & Technology
Jim McKay	Manager, Marketing Services	NB Dept. of Commerce & Technology
Patricia Brown MacKenzie	Marketing Services	NB Dept. of Commerce & Technology
Lynn McKay	Marketing Services	NB Dept. of Commerce & Technology

John Fudge	Director, Investment and Immigration	NB Dept. of Commerce & Technology
Tony Lampart	Project Executive, Investment and Immigration	NB Dept. of Commerce & Technology
Rick Alain	Project Executive, Investment and Immigration	NB Dept. of Commerce & Technology
Janet Gagnon	Project Executive, Investment and Immigration	NB Dept. of Commerce & Technology
Brian Dick	Director-General	Atlantic Canada Opportunities Agency (ACOA)
Leonard LeBlanc	Director, Corporate Programs	Atlantic Canada Opportunities Agency (ACOA)
Randall McGregor	Senior Implementation Officer	Atlantic Canada Opportunities Agency (ACOA)
Wayne Gunter	Senior Development Officer	Atlantic Canada Opportunities Agency (ACOA)
Basil Small	Senior Advisor	Atlantic Canada Opportunities Agency (ACOA)
Bernadette Aitken	Assistant Head, M.I.S.	Atlantic Canada Opportunities Agency (ACOA)
Ken Scott	General Manager	Regional Development Corporation (RDC)
Oscar Paulin	Project Executive	Regional Development Corporation (RDC)
Roland Cormier	Assistant General Manager	Regional Development Corporation (RDC)
Paul O'Connell	Assistant Deputy Minister	NB Dept. of Municipal Affairs
Linda Furlought	General Manager	Capital Region Development Commission (CRDC)
Raymond LeBlanc	General Manager	South-East Economic Development Commission
Rino Pelletier	General Manager	Northeast Industrial Commission

Bill Thompson	General Manager	Fundy Regional Development
Cecilia Mutch		Miramichi Community Futures (formerly with Miramichi Regional Development Commission)
Georges Marcoux		Nepisiguit Economic Development Agency (formerly with ACOA-Bathurst
Ronald Storey	Dean, Faculty of Administration	University of New Brunswick
Larry Marshall	Director, Centre for International Marketing and Entrepreneurship	University of New Brunswick
Jean LaDouceur		Université de Moncton
Gerry Clouney		Canadian Manufacturers Association (CMA)

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APPENDIX B

SUMMARY OF TELEPHONE SURVEY

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The composition of survey respondents is as follows:

Programs	Number of Respondents
Business Internship	20
Business Plans and Records	27
Manufacturing Licence Incentives	2
Selected Service Incentives	9
Market Planning and Implementation	38
Rejected	29

SURVEY FOR THE EVALUATION OF THE FEDERAL/PROVINCIAL INDUSTRIAL DEVELOPMENT SUB-AGREEMENT

DELIVERY

The following questions relate to the application and approval process used by the Department of Commerce and Technology in implementing the Program.

1. When you applied for the Program did you apply through:
   - ____ an industrial commission/regional development corporation in your area
   - ____ an Atlantic Canada Opportunities Agency regional office
   - ____ the Department of Commerce & Technology
   - ____ other; Please specify _____

Programs	Industrial Commission	ACOA	Commerce & Technology	Other	No Reply
Business Internship	5	1	12	2	0
Business Plans & Records	6	6	14	1	0
Selected Service Incentives	1		8		0
Manufacturing Licence Incentive			2		0
Marketing Planning & Implementation	5	4	29		0
TOTAL	17	11	65	3	0
Rejected	4	8	15	1	1

2. How did you find out about the Program?

Code

1 ___ Informational Brochure
2 ___ Newspaper, radio or television announcement/interview
3 ___ New Brunswick Department of Commerce & Technology staff
4 ___ Atlantic Canada Opportunities Agency staff
5 ___ Industrial commission/Regional Development Corporation staff
6 ___ Other source; Please specify _____
7 ___ Unsure

	Code							
Programs	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**No Reply**
Business Internship	4	2	7		6	1	0	0
Business Plans & Records	7	3	8	1	6	2	0	0
Selected Service Incentives			5	1	1	2	0	0
Manufacturing Licence Incentives			1			1	0	0
Market Planning & Implementation	6	4	20	2	3	3	0	0
Total	**17**	**9**	**41**	**4**	**16**	**9**	**0**	**0**
Rejected	6	3	10	2	3	4	1	

3. If you received information from the informational brochure or other staff person, do you feel that the Program was clearly explained?

___ Yes
___ No

Programs	Yes	No	No Reply
Business Internship	16		4
Business Plans & Records	23	2	2
Selected Service Incentives	7	1	1
Manufacturing Licence Incentives	2		
Market Planning & Implementation	33	3	2
Total	81	6	9
Rejected	17	6	6

4. Were you aware that the Program is cost-shared by both the Provincial and Federal governments?

___ Yes
___ No

Programs	Yes	No	No Reply
Business Internship	17	3	0
Business Plans & Records	26	1	0
Selected Service Incentives	8	1	0
Manufacturing Licence Inceatives	1	1	0
Market Planning & Implementation	29	9	0
Total	81	15	0
Rejected	20	9	

5. Were you treated in a courteous, professional manner by Commerce & Technology staff?

___ Yes
___ No

Programs	Yes	No	No Reply
Business Internship	20		0
Business Plans & Records	27		0
Selected Service Incentives	9		0
Manufacturing Licence Incentives	2		0
Market Planning & Implementation	37	1	
Total	95	1	0
Rejected	27	1	1

6. Do you feel that the time taken to process your application was appropriate?
___ Yes
___ No; if no, how much time was taken? _____

Program	Yes	No	No Reply
Business Internship	17	3	
Business Plans & Records	23	4	
Selected Service Incentives	6	3	
Manufacturing Licence Incentives	1	1	
Market Planning & Implementation	33	5	
Total	**80**	**16**	**0**
Rejected	17	11	1

7. Do you feel that the time taken to process payments was appropriate?
___ Yes
___ No; if no, how much time was taken? _____

Programs	Yes	No	No Reply
Business Internship	20		
Business Plans & Records	22	4	1
Selected Service Incentives	7	1	1
Manufacturing Licence Incentives	2		
Market Planning & Implementation	31	7	
Total	**82**	**12**	**2**

8. Do you feel that the quantity of information requested in order to process your application was reasonable?

___ Yes
___ No; if no, what information do you feel was not required but was requested

_____

Programs	Yes	No	No Reply
Business Internship	20		
Business Plans & Records	26	1	
Selected Service Incentives	9		
Manufacturing Licence Incentives	2		
Market Planning & Implementation	36	2	
Total	93	3	0
Rejected	27	2	

9. How would you rate your overall satisfaction with the delivery of the Program?

Code

1 ___ Extremely satisfied
2 ___ Very satisfied
3 ___ Satisfied
4 ___ Satisfied but minor improvements could be made; How _____

_____

_____

5 ___ Satisfied but delivery could be greatly improved; How _____

_____

6 ___ Not satisfied

	Code						
Program	1	2	3	4	5	6	No Reply
Business Internship	5	12	3				
Business Plans & Records	7	12	8				
Selected Service Incentives		4	5				
Manufacturing Licence Incentives	1			1			
Market Planning & Implementation	9	16	8	2	1	1	1
Total	22	44	24	3	1	1	1
Rejected	3	10	8	3		4	1

ELIGIBILITY CRITERIA

The following questions relate to the eligibility criteria used by the parties to the Agreement (Department of Commerce and Technology and the Atlantic Canada Opportunities Agency) in determining the amount of assistance you qualified for.

10. Was the maximum funding guideline appropriate?

___ Yes

___ No; If no, was the maximum funding:

___ too low

___ too high

Programs	Yes	No Too High	No Too Low	No Reply
Business Internship	19		1	
Business Plans & Records	23	1	3	
Selectiveed Service Incentives	9			
Manufacturing Licence Incentives	1		1	
Market Planning & Implementation	29	1	7	1
Total	81	2	12	1

11. Were the cost-sharing levels (percent of eligible costs funded by the Program) appropriate?

___ Yes
___ No; if no, were the cost-sharing levels:
___ too low
___ too high

Program	Yes	No Too High	No Too Low	No Reply
Business Internship	20			
Business Plans & Records	22		5	
Selected Service Incentives	8			1
Manufacturing Licence Incentives	1		1	
Market Planning & Implementation	35		3	
Total	86		9	1

11a. If you applied for or enquired about different Programs available under the Agreement, were you confused about the different funding levels used for the different Programs?

___ Yes
___ No
___ Not applicable
___ Unsure

Programs	Yes	No	N/A	Unsure	No Reply
Business Internship	4	9	3	3	1
Business Plans & Records	4	18	3	1	1
Selected Service Incentives	2	4			3
Manufacturing Licence Incentives		2			
Market Planning & Implementation	8	24	1		5
Total	18	57	7	4	10

12. Do you feel that you would have proceeded with the project had the cost-sharing levels been lower?

____ Yes
____ No

Programs	Yes	No	No Reply
Business Internship	7	13	
Business Plans & Records	10	16	1
Selected Service Incentives	4	4	1
Manufacturing Licence Incentives		2	
Market Planning & Implementation	10	28	
Total	31	63	2

13. Do you feel that you would have proceeded with the project had the Program funding not been available?

_____ Yes; if yes, how:

Code

1 _____ would you have requested funding from other government agencies
2 _____ would you have requested funding from a bank/credit union
3 _____ used own resources
4 _____ proceeded at a later date
5 _____ other; Please specify _____
6 ____ No

	Code						
Programs	1	2	3	4	5	6	No Reply
Business Internship			2	4		14	
Business Plans & Records		4	2	7		14	
Selected Service Incentives	2		2	3	1	1	
Manufacturing Licence Incentives	1	1					
Market Planning & Implementation	2	2	4	6	1	23	
Total	5	7	10	20	2	52	

ECONOMIC IMPACTS

The following questions relate to the affect of the Program's funding on your company's annual sales and employment.

14. If your company has experienced an increase in sales or employment, how much of this increase do you feel is related to the funding received under the program as compared to other factors not related to this funding? Some possible reasons for sales or employment increasing are noted below: (Choose as many as are appropriate but rank them in their order of importance).

____ Funding received from Program
____ Other government funding received
____ Other private funding (bank, credit union, etc.) received
____ Normal annual increase for the company
____ Other; Please specify _____

Response to this question is included in the text Exhibits 6 and 7

15. Related to question 14, do you feel that the financial assistance received made a meaningful contribution to your company's growth or ability to diversify? Which of the following statement best fits how you would assess the contribution from the Program?

Code
1 ____ Assistance was very meaningful
2 ____ Assistance was meaningful
3 ____ Assistance somewhat meaningful
4 ____ Assistance only moderately meaningful
5 ____ Assistance made no meaningful contribution to growth/diversification

	Code					
Programs	**1**	**2**	**3**	**4**	**5**	**No Reply**
Business Internship						
Business Plans & Records						
Selected Service Incentives	3	3	3			
Manufacturing Licence Incentives	1		1			
Market Planning & Implementation	11	15	5	1	1	5
Total	**15**	**8**	**9**	**1**	**1**	**5**

Applied Management Consultants

16. How much did your annual sales increase for the first 12 months immediately following the receipt of the funding from the Program (approximately)? _____;
What was your company's total sales for this period? _____
What was your company's total sales for the first two complete fiscal years following the receipt of funding (approximately)?
Year 1 _____; Year 2 _____

17. Related to the increase in sales, how much of an increase in person-years of employment was there for the first 12 months immediately following the receipt of the funding from the Program? _____
What was the total person-years of employment in your company during this period? _____
How many people did your company employ for the first two complete fiscal years following the receipt of funding (person-years of employment)?
Year 1 _____; Year 2 _____

NOTE: ONE PERSON-YEAR OF EMPLOYMENT COULD BE 1 PERSON EMPLOYED FULL-TIME FOR 12 MONTHS OR 2 PERSONS EMPLOYED FULL-TIME FOR 6 MONTHS OR 6 PEOPLE EMPLOYED FULL-TIME FOR 2 MONTHS EACH, ETC.

Summary of Employment and Sales Data (Questions 16 and 17) is included in the text of the report, Section 3.2 Achievement of Objectives

CONCLUSION

18. Do you feel that the Program is responding to your needs?

___ Yes
___ No

Programs	Yes	No	No Reply
Business Internship	20		
Business Plans & Records	27		
Selected Service Incentives	9		
Manufacturing Licence Incentives	2		
Market Planning & Implementation	36	2	
Total	**94**	**2**	**0**

19. Are there any ways in which you feel the Program could be improved (any changes in types of activities, costs or applicants eligible for funding or other eligibility criteria, changes in program delivery, better promotion, etc.)?

___ Yes; if yes, what changes would you recommend

___ No

Programs	Yes	No	No Reply
Business Internship	8	12	
Business Plans & Records	15	12	
Select Service Incentives	3	6	
Manufacturing Licence Incentives	1	1	
Market Planning & Implementation	19	18	1
Total	**46**	**49**	**1**

If yes, what changes would you recommend? Comments:

Business Internship:

"Speedier response to applications. IRAP typically takes 1 month which is acceptable"

"Person hired could not apply education or expertise to the job that was required by the company"

"Extend to a 3 year period. 75%, 50%, 25% of salary"

"Program should cover a broader scope"

"That consideration be given to companies when individuals do not stay, the company should be able to reapply"

"Recommendations: change in program delivery and better promotion

"The government should help find the right person for the program, it is not necessarily someone with a university education"

Business Plans and Records:

"Resurrecting the program"

"No assistance to establish new companies competing with already established companies unless the market warrants it"

"Machinery renovations"

"Approval and length of time for payments. Too much paperwork. In general everything is too long. It takes 1.5 years to get $18,000. I know - it did in my case."

"The length of time for evaluations"

"Evaluations should be faster"

"Better promotion of sponsorship, we had to contact Commerce and Technology to see if funding was available or we would not have known"

"Increase amount of funding and increase time to 2 years"

"Some programs could have better promotion, more information, etc."

"The service should be local instead of having to run around outside the area for answers and service"

"Demand on your time and the cost of lawyers. We are just starting out, much easier for larger businesses"

Market Planning and Implementation:

"Better promotion"

"Provide money for hiring of marketing personnel and paying their wages so they may set up the program"

"A person from this department could guide the small businesses for a few months to help them with marketing; to tell them what they are doing wrong and what to do to correct it. See they give you the money and then after you are pretty well on your own"

"Speed up application approval"

"It is a pain to have to deal with ACOA. Commerce and Technology should reintroduce programs such as capital investment"

"They could charge the capital risk"

"The people that explain the program would know more about what they are talking about"

"A clear written outline of programs, both this program and others"

"Fewer programs and less taxes"

"Less paperwork that requires expertise. Consistency of contact persons"

"Regardless of whether it is an expansion or a new business started it should be eligible for the same amount"

"Eligibility for funding should be restricted to small businesses only"

"Increase dollar availability to companies and increase advertising of programs"

"Promotion for availability of program. More people should know of the program"

"Improve the length of time"

"The amount of support could be increased"

"Hire some people who do marketing and selling in a realistic day to day situation"

"I believe the program should have sales people come into small businesses to evaluate the sales effort of the firm to help with the program"

20. Were you aware of other programs which were available under the Industrial Development Sub-Agreement?

_____ Business Internship Program
_____ Business Plans and Records
_____ Selected Service Incentives
_____ Foreign Certification of Products
_____ Manufacturing License Incentives
_____ Marketing Planning and Implementation

Response to this question is included in the text of this report - Exhibit 10

21. How did you find out about the Programs?

Code

1 _____ Information Brochure
2 _____ Newspaper, radio or television announcement/interview
3 _____ New Brunswick Department of Commerce & Technology staff
4 _____ Atlantic Canada Opportunities Agency staff
5 _____ Industrial Commission/Regional Development Commission staff
6 _____ Other source; Please specify _____
7 _____ Unsure

	Code							
Programs	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**No Reply**
Business Intership	3		9		3			5
Business Plans & Records	5	1	8	2	1			10
Select Service Incentives	1		4				1	3
Manufacturing Licence Incentives			2					
Market Planning & Implementation	4	4	14	1	2	2		11
Total	**13**	**5**	**37**	**3**	**6**	**2**	**1**	**29**
Rejected	5	1	7	1	4	3		8

22. If you received information from the informational brochure or other staff person, do you feel that the Programs were clearly explained?

_____ Yes
_____ No

Programs	**Yes**	**No**	**No Reply**
Business Internship	14	1	5
Business Plans & Records	14	2	11
Select Service Incentives	5	1	3
Manufacturing Licence Incentives	1	1	
Market Planning & Implementation Incentives	24	2	12
Total	**58**	**7**	**31**
Rejected	17	2	10

Questions Related to Individual Surveys

Business Internship

This Program funded a position in your company? What was the area of specialization or background of the person you hired under this Program?

_4__ Marketing
_5__ Engineer
_3__ Financial Officer/Comptroller
_1__ Office Manager
_6__ Other; Please specify _____
_1__ Missing

Is the position funded by the Program still in existence in your company?

_14_ Yes
__5_ No
__1_ Missing

How do you feel that the recruitment of the person funded by the Program affected your company? This person: (Choose as many as are appropriate but rank them in their order of importance):

Code:

1 ____ improved management control within my company
2 ____ provided and/or improved the technical capability within my company
3 ____ increased profitability for my company
4 ____ increased sales for my company
5 ____ led to better decision making in my company
6 ____ led to better operational efficiency in my company
7 ____ made no difference to my company
8 ____ other; Please specify _____

Code	Rank		
	1	2	3
1	7	2	3
2	4	2	1
3	2	2	2
4	3		
5	3	1	3
6	7	1	1
7	2		
8	1		

Business Plans and Records

This Program funded the development of a business plan or funded ways to improve record keeping within your company. What affect did this funding have on your company? It (Choose as many as are appropriate but rank them in their order of importance):

____ improved management control within my company
____ provided and/or improved the technical capability within my company
____ increased profitability for my company
____ increased sales for my company
____ led to better decision making in my company
____ led to better operational efficiency in my company
____ made no difference to my company
____ other; Please specify _____

Code	Rank						
	1	2	3	4	5	6	7
1	12	6	1				
2	8	1	3	1	1		
3	4	3		1			
4		2	1		1	1	
5	3	1	3				
6	12	2	4	2			
7	1						1
8	2						

Market Planning and Implementation

Did you also make use of the marketing expertise of the personnel within the Department of Commerce and Technology (did they help you outline marketing objectives) or did you use the Program funding only?

_14_ Used both marketing expertise of personnel and funding
_24_ Used funding only

Selected Service Incentives

Did Department of Commerce and Technology staff help you outline objectives?

__2_ Yes; If yes, did you feel this helped you increase out-of-Province sales or sales in your targeted area?
  __2_ Yes
  __3_ No
  __3_ Unsure
__1_ No

What was the basis under which your application for funding was approved?

__2_ Import replacement
__5_ Export
__2_ Combination of both

In your opinion, do you feel that there has been a decrease in the amount of service purchased out-of-province as a result of this Program?

__2_ Yes
__2_ No
__5_ Unsure

Specifically, for your company, have you increased sales in out-of-province target markets or replaced imports from out-of-province target markets as a result of receiving funding under the Program?

__4_ Yes
__2_ No
__3_ Unsure

Were you able to achieve the objectives under which you received funding?

__4_ Yes
__4_ Mostly and continue to work towards achieving them
__1_ Unable to meet as business environment has changed
____ Unable to determine
____ No
____ Other; Please specify _____

Rejected

Do you believe the eligibility criteria developed for the program was appropriate to achieve the objectives of the Program? Eligibility criteria include level of assistance, eligible costs, eligible activity and eligible applicant.

_23_ Yes
__1_ No; if no, what criteria was not appropriate?

_____

__5_ No Reply

Did you proceed with the project even though you did not qualify for Program funding?

_12__ Yes; if yes, how:

- __3_ requested funding from other government agencies
- __5_ requested funding from a bank/credit union
- __2_ used own resources
- __1_ proceeded at a later date
- __1_ other; Please specify_____

_13_ No
__4_ No Reply

Do you feel that the Program is valuable in assisting the expansion or diversification of the Province's industrial base?

_24_ Yes
__3_ No; if no, why not_____

_____

_____

__2_ No Reply